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WORLD NEWS

Two regions face drought restrictions

Tougher water restrictions came a step closer for many regions of Britain yesterday as two water authorities awaited decisions on their requests for drought orders.

Meanwhile, MPs have criticised Thames Water for leaving about 500,000 people in Kent and south-east London with little or no water.

Ken Dodd cleared Cheers burst from the public gallery at Liverpool Crown Court when a jury cleared Ken Dodd of eight tax fraud charges.

Solidarity wages call Poland's battle against wage inflation has been set back by Solidarity's insistence on full indexation of wages.

Britain hanged Convicted heroin trafficker Derrick Gregory, from Isleworth, Middlesex, was hanged in Malaysia.

Libya-Chad peace near Libya and Chad were said to be nearing a half as it aims to become an early beneficiary of the new international debt reduction initiative.

NK liberals attacked Prominent Hong Kong liberals Martin Lee and Szeto Wah came under attack from China.

Jail for drug smuggler A 36-year-old Turk was jailed for 13 years by a judge in Maidstone, Kent, for smuggling 99lb of heroin into Britain.

Mint of Falklands talks Brazil has proposed that Britain should meet Argentina in Brasilia later this year for direct talks about the Falklands dispute.

Airman killed in crash One airman died when an RAF Tornado F3 fighter aircraft crashed into the North Sea off Newcastle upon Tyne.

Train crash inquiry British Rail investigators are trying to find out why an InterCity train from Glasgow jumped the rails in north London on Thursday night.

Poll tax review Labour is taking a fresh look at its proposals to replace the poll tax with a system that would combine a local income tax with a charge on the capital value of properties.

BBC peace move BBC management and the broadcasting unions are returning to the conciliation service, Acas, tomorrow to try to settle their pay dispute.

Iranians shielded Iran's embassy in Vienna is refusing to hand over an Iranian wanted over the murder of three Kurdish activists in Austria last week.

BUSINESS SUMMARY

Enterprise Oil loses right to \$960m deal

Enterprise Oil, independent US oil company, lost the exclusive right to buy the \$960m (€922m) worth of North Sea assets of US gas transmission company Texas Eastern.

UK EQUITIES remained firm in minus territory during the past two weeks - as a combination of events dis-

turbed the recent trend of bullish performances. The FT ordinary fell 8.5 to 1,822.8, still 6.5 above last week's close.

VENUEZUELA asked international bank creditors to reduce its debts by half as it aims to become an early beneficiary of the new international debt reduction initiative.

EUROFINEL, Anglo-French channel tunnel group, is seeking to raise \$500m to £1bn in bank loans because the costs of developing the project have been much higher than expected.

CONSUMER spending rose by 0.7 per cent in the three months to June as high interest rates trimmed growth, according to preliminary figures.

GHOBANK managing director Malcolm Williamson is leaving to join Standard Chartered, where he will be a group executive director.

COMPAGNIE Bancaire, French financial services group, expanded its UK presence with the FF1bn (\$96m) acquisition of Humberlyde Investment, an unlisted leasing company.

ELDER'S IXL, Australian-based international brewing and agribusiness conglomerate, confirmed it had built up a 4.7 per cent stake in US oil and gas explorer and producer Kerr-McGee.

NEWGATEWAY, defeated bidder to the £2bn bid battle for Gateway, continued to build up its stake in the UK food retailer, buying 41.9m shares from M&G Investment Management for 24p each, 10p above the stock market price.

MYSON GROUP, UK boiler and radiator manufacturer, agreed to a £10m offer from Yale and Yale, security and home products group.

ANGLO UNITED won the \$470m takeover battle for Coalite, its far bigger competitor in the fuel distribution business, following a wave of support from institutional investors.

US LIBOR RATES Fed Funds 9 3/4% 3-mo Treasury Bill yield: 8.306% Long Bond: 108 3/4 yield: 8.141%

STOCK INDICES FT-SE 100 2,282.0 (-0.2) FT Ordinary 1,822.8 (-8.5) FT-A All Shares 1,183.44 (-0.3%) FT-A high yield index high coupon: 9.51 (same) New York S&P 500 DJ Ind. Av. 2,579.48 (+3.98) Tokyo: Nikkei 33,896.43 (+234.66)

LONDON MONEY 3-month interbank closing 13 1/2% (same)

Soviet miners propose move towards stronger unions

STRIKE committees - which represent tens of thousands of Siberia's coal-miners - plan to stay in existence for the foreseeable future to carry on extended negotiations with the Soviet Government, writes Quentin Peel in Frolopyevsk, Siberia.

The move represents the nearest thing the Soviet Union has yet seen to the establishment of a strong independent trade union movement, outside the Communist Party and the official trade unions.

official blessing, at least from the local Communist Party, which seems to recognise the mass support for the strikers.

- interrupting each other, disagreeing, yet obviously united in their broad purpose. Is it an alternative trade union? To a certain extent, yes," said Mr Dimidov, a welder who celebrated his 34th birthday yesterday.

ars are now back at work. However, in the Ukraine's Donets basin, in northern Siberia, Kazakhstan and smaller centres, thousands of Soviet miners have downed tools and are demanding the concessions already won in Western Siberia.

NatWest calls crisis talks over DTI report

NATIONAL Westminster Bank has called an emergency board meeting for tomorrow to consider what action to take following the damning report issued on Thursday by the Department of Trade and Industry into the bank's role in the Blue Arrow affair.

bank yesterday, but declined to comment on their position. Lord Boardman was adamant in his earlier refusal to discuss the future of named individuals, saying the subject was a matter for the board.

The TSA said yesterday that it was examining the fitness and propriety of all individuals named in the report for whom it was the principal regulator "with a view to appropriate disciplinary action."

ever is greater, and objects to proposals attached to the offer. The union believes they will weaken national collective bargaining.

How golf has evolved in the past 35 years. Are all the changes for the good? Page I

The meetings will focus on what disciplinary action should be taken against firms and individuals who were criticised by the department's inspectors for their role in what is turning into one of the worst City scandals.

Lord Boardman, the chairman of NatWest whose investment bank County NatWest was at the heart of the affair, has called the bank's directors together to address the severe criticisms that were made of NatWest's systems and management, as well as the position of three executive directors and other employees who were singled out for censure.

Twenty-four individuals named in the report are registered with the TSA. Although the affair took place in 1987 before the TSA was established, the TSA said it was still responsible for ensuring that firms and individuals continue to be proper.

Mr Sonnet said yesterday, however, that there was no question of a settlement if the authorities continued to insist on changing the national agreement to allow councils more flexibility on interpretation.

How to Spend it Lucia van der Post on the best clothes and Ben Wright on the best equipment Page XVII

Clients will stay with the bank

COUNTY NatWest's corporate clients said yesterday they will stick by the bank although they expressed horror at the findings of the Department of Trade report.

Some of the bank's institutional clients did not rule out the possibility that the Blue Arrow affair would affect its decision the next time it needed to choose a financial adviser.

Mr Charles Green, Mr Terry Green and Mr John Plastow, would attend the meeting. They were all present in the

Although the union's pay claim was open to negotiation, Mr Sonnet said members would be looking at other recent settlements and offers in the public sector, such as the 8.8 per cent for rail workers and 9.2 per cent for electricity workers.

Planet Earth: the threat to the dolphin Page XV

Ridley rejects plan for country town development near Oxford

PLANS to build a country town of 6,000 homes in Oxfordshire were rejected yesterday by Mr Nicholas Ridley, the Environment Secretary, in what may be his last decision in that post.

that the final decision will be left to a new Environment Secretary.

Mr Michael Heseltine, a former Environment Secretary, said yesterday that he hoped Mr Ridley would reconsider his decision to support a new town at Foxley Wood near Fleet, Hampshire, now that he had rejected plans to Oxfordshire.

Mr Ridley said he had rejected the plan because it would open the door to other new settlements in south-east England.

Eureka The shape of cameras to come Page XVI

Mr Ridley said he had rejected the plan because it would open the door to other new settlements in south-east England. The consortium members are: Barratt Developments, Beazer Homes, Bovis Homes, Ideal Homes, Laing Homes, Y.J. Lovell, McCarthy & Stone, Tarmac, Wilcon Homes and Wimpey Homes.

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Managers Midland Bank plc The Mitsui Bank, Limited The Sumitomo Bank, Limited

Participants Bank of Scotland Manufacturers Hanover Trust Company

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Weekend FT



GOLF

How golf has evolved in the past 35 years. Are all the changes for the good? Page I

How to Spend it Lucia van der Post on the best clothes and Ben Wright on the best equipment Page XVII

Planet Earth: the threat to the dolphin Page XV

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Motoring Classic cars Pages VII-XI

MEGGITT PLC £100,000,000 Multiple Option Facility arranged by N M Rothschild & Sons Limited

OVERSEAS NEWS

Uno kept out of sight as Japan campaign closes

By Stefan Wagstyl in Tokyo
MR SOUSUKE UNO, the Japanese prime minister, was expected to stay out of public sight today on the last day of a vital national election campaign.

Burmese opposition leaders under arrest

By Chit Tun in Rangoon and Roger Matthews in Bangkok
BURMA'S military régime confirmed yesterday it had placed the country's two most prominent opposition leaders under house arrest for a year.

Noriega supporters cool on new polls proposal

By Robert Graham
PANAMANIAN political parties backing General Manuel Antonio Noriega, the country's strongman, have given a cool reception to the proposal put forward by other Latin American nations to hold fresh elections before September 1.

Cut in W German electricity costs predicted

By David Goodhart in Bonn
A BIG reduction in the cost of West German electricity and higher cash flow for most energy utilities is predicted because of last month's decision to abandon the nuclear reprocessing plant at Wackersdorf, Bavaria.

Soviet marshal brings touch of glasnost to Congress

By Peter Riddell, US Editor in Washington
The Armed Services Committee of the US House of Representatives is used to hearing evidence from highly decorated generals and admirals, but never until yesterday from a Marshal of the Soviet Union in full dress with more than a dozen rows of medal ribbons.

Bush plan to cut air pollution

By Peter Riddell
PRESIDENT George Bush yesterday unveiled detailed legislation to reduce air pollution, amid charges from environmentalists that he has bowed to industry protests and watered down earlier proposals for reducing car, truck and bus emissions and has provided wide latitude in enforcing new regulations.



Striking Soviet miners from the Donbass coalfields shelter from heavy rain during a mass rally in Makeevka, Ukraine

Solidarity presses for wage increases

By Christopher Bobinski in Warsaw
POLAND'S struggle to curb inflationary wage rises has suffered a setback because the Solidarity leadership is insisting on full indexation of wages as agreed with the government earlier this year.

Nissan and Ford in European 4wd project

By John Griffiths
NISSAN and Ford yesterday signed an agreement in Barcelona under which Nissan will design, develop and build a new four-wheel-drive vehicle for sale under both companies' badges throughout Europe.

Chad, Libya set to sign accord

CHAD and Libya are set to sign a peace accord to end more than 15 years of conflict over a disputed border area, officials said yesterday. Beuter reports from Bamako, Mali.

Ex-central bank chief may be Italy's Treasury Minister

By John Wyles in Rome
MR Guido Carli, 75, former governor of the Bank of Italy, has emerged as the man most likely to be Italy's next Treasury Minister.

Paris tries to persuade suspicious investors

By Robert Thomson in Tokyo
"WE HAVE welcomed Japanese investment since the 17th century," said Mr Roger Fauroux, the French Industry Minister, who was attempting to convince his hosts in Tokyo yesterday that France is delighted by Japanese investment and that perceptions to the contrary are an illusion.

Spain upset at Gibraltar arrests

By Tom Burns in Madrid and Robert Mauthner in London
THE arrest by the Gibraltar authorities of Spanish customs officers involved in a sea-chase of alleged smugglers has caused renewed tension between Madrid and London and endangered the Anglo-Spanish goodwill built up over recent years.

Tensions still high in Cyprus

By Andreas Hadjipapas in Nicosia
TENSION remained high in Cyprus yesterday, as the Turks continued to hold more than 100 Greek Cypriots seized during a protest march into Nicosia's buffer zone.

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By Robert Thomson in Tokyo
"WE HAVE welcomed Japanese investment since the 17th century," said Mr Roger Fauroux, the French Industry Minister, who was attempting to convince his hosts in Tokyo yesterday that France is delighted by Japanese investment and that perceptions to the contrary are an illusion.

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OVERSEAS NEWS

Castro's executions send shocks through region

The drugs scandal has left Cuba's leader more isolated and exposed, writes Robert Graham

MORE than a week after top-ranking Cuban military men were executed for drug trafficking, the impact of the affair continues to cause ripples both inside and outside the island.

Ochoa (above) was a loyal Fidelista who was unlikely to have belonged to a restive group

In his opening statement at his trial, Gen Ochoa commented elliptically: "I don't want to go into an explanation of what was the reason, what prompted me to do this; I don't think that's important."

Peking steps up war of nerves with Hong Kong's liberals

CHINA yesterday stepped up its attacks on pro-democracy leaders in Hong Kong when it accused two prominent liberal campaigners, Martin Lee and Mr Szeto Wah, without naming them, of trying to overthrow the Peking government and of endangering the future peace and stability of the territory.

The article also pointed out that the Basic Law, which is now being drafted and will be Hong Kong's mini-constitution after 1997, required that laws should be passed in consultation with the Legislative Council.

Other local leaders rejected the Peking criticism and one group said it would carry on sending funds to the Chinese students movement in Paris.

Clients stay with County NatWest

By Richard Waters

CORPORATE and institutional clients of County NatWest, the NatWest investment banking subsidiary, are staying with the bank.

However, none of those who spoke to the FT said they would sever their relationships with County as a result.

Institutional investor clients of County NatWest were more forceful in their support - even though the DTI report concludes that the firm deliberately misled the market during the Blue Arrow rights issue

Two of the UK's largest investment firms, which declined to be named, said that the reverse takeover of County's securities arm by Wood Mackenzie early in 1988 had completely changed the character of this side of the business.

According to Mr Parker: "Our advisory team has not been involved in Blue Arrow. If it had, our attitude would certainly be different."

The pressure extends to the three NatWest main board directors criticised in the report. One large institutional investor asked: "How many clearing bank directors get mentioned like this in DTI reports?"

UK NEWS

Buy-out for Trebor wholesaling division

By Charles Batchelor

THE MANAGEMENT and staff of Moffat, the wholesaling division of the Trebor confectionery group, are to stage a management buy-out of their company.

Moffat has a workforce of more than 500 people and an annual turnover of £250m, but the value of the proposed deal was not disclosed.

It is being led by Mr Barry Bowen, the managing director, and five other managers, but all members of staff will be allowed to take part.

Inquiry by Labour into Channel link

By Kevin Brown

THE LABOUR Party yesterday stepped up its campaign to delay British Rail's proposals for a high speed rail link from London to the Channel tunnel by holding an unofficial "public inquiry" into the scheme.

The inquiry was intended to provide a focus for opposition to BR's plans and to help develop Labour's approach to the private bill which will provide legislative authority for the scheme.

Three academic assessors, led by Ms Kerry Hamilton, head of the Transport Studies Unit at Bradford University, heard evidence from a variety of protest groups, environmentalists, local authority and trade union groups.

Kinnock says party reviewing policy for replacing poll tax

By Philip Rawston

THE LABOUR Party is reviewing its proposals for an alternative to the community charge or poll tax, Mr Neil Kinnock confirmed after a meeting of the shadow Cabinet yesterday.

The proposals - combining a charge on the capital value of properties and a local income tax - were attacked earlier this week by Mr Nicholas Ridley, the Environment Secretary, as "a twin-tax nightmare."

Labour clearly feels it may be vulnerable to a counter-attack on this issue as it continues to make the poll tax one of the main targets of its political offensive against the Government.



Neil Kinnock and Roy Hattersley: Labour confident

Mr Kinnock said he believed the next General Election had been forced back to 1992 by Labour successes this year.

The Government needed time to "make some running repairs," he added - and he sounded a warning against possible "bribes and blandishments" on the poll tax.

much point in reshuffling the jokers while the queen remains in place."

The shadow Cabinet believed, however, that Mrs Thatcher and her Government were trapped in the unpopularity of a range of policies from education to the health service to water privatisation, and the Cabinet changes were unlikely to make any difference.

Buy-out for Trebor wholesaling division

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It is being led by Mr Barry Bowen, the managing director, and five other managers, but all members of staff will be allowed to take part.

Girobank chief to join Standard Chartered

By David Lascelles, Banking Editor

MR MALCOLM Williamson, managing director of Girobank, is leaving to join Standard Chartered where he will be a group executive director.

His departure comes as Girobank is about to be sold by the Post Office to Alliance and Leicester, the building society.

Mr Williamson, who will join Standard on September 1, will be responsible for the group's Asia Pacific region, including North America.

GEC group wins first licence to run driver guidance system

By Kevin Brown, Transport Correspondent

A CONSORTIUM led by General Electric Company is likely to win the first UK licence to operate an electronic route guidance system for drivers, without compromising road safety or the environment.

Mr Channon said the GEC proposal would be more likely to provide an efficient electronic route guidance system quickly, without compromising road safety or the environment.

Mr Martin Read, a Marconi director of communications and a director of GEC Autoguide, said the world market for similar systems was likely to be worth several hundred million pounds over the next 20 years.

starting at the end of 1993.

The eventual aim is for Autoguide to cover most of the UK, providing a continuous guidance service for drivers on long journeys.

The UK Government has agreed a draft technical standard with West Germany which could lead to a large market for the installation of similar systems in other countries.

BR seeks cause of rail crash

ACCIDENT investigators from British Rail's London Midland Region were still trying to find out last night why an inter-city train from Glasgow was derailed in London on Thursday night.

Three hundred passengers escaped serious injury after five coaches of the 14.00 Glasgow-London train left the rails near Harrow and West-ham station in north-west London at 10.45pm.

BR quickly ruled out vandalism as a cause of the accident, which severely disrupted timetables yesterday. Full services are expected to be restored today.

MPs wonder what Thatcher's knife will carve

By Philip Stephens, Political Editor

MODERN TECHNOLOGY will at least spare ministers and ambitious Tory MPs the traditional agony of a weekend sweating by their hall telephones.

That all-important call from Mrs Margaret Thatcher - bringing hard-earned reward for unquestioning loyalty or political oblivion for a single mistake - can be taken just as easily on a cellular model installed in the car or tucked in the pocket of their summer shorts.

As the Prime Minister's alternatively generous and gory game of Cabinet reshuffle approaches its climax, few of the players will be able to concentrate on anything else.

After all, who could forget that most delicate description of such occasions once offered by Mrs Thatcher herself: "I'm not a good butcher... but I have learnt to carve the joint."

UK NEWS

Bruised consumers go on buying

Growth is unlikely to slow further this year, reports Ralph Atkins

THE BRITISH consumer is down but not out. Ten rounds of bruising interest rate rises in the past year have left consumer spending staggering. After rising by more than 6 per cent last year, figures yesterday showed an increase of just 1½ per cent in the first six months of this year.

Growth in retail sales — which account for about 40 per cent of consumer spending — has slowed to the lowest annual rate for nearly five years.

It is, however, too early to award Mr Lawson the victor's laurels. Even the current slower growth rates may prove too fast to cut significantly inflation and the trade deficit.

Moreover, a series of factors is underpinning consumer spending and make it unlikely that growth will slow much further in the second half of the year. That may comfort nervous retailers, but for the Government it means imports will continue to rise and manufacturers will take advantage of demand and raise prices.

Mr Bill Martin, chief UK economist at UBS Phillips & Drew, says: "Despite the medicine, which is clearly working to an extent, we have a very long way to go before the adjustment in the economy is effected."

Downward pressure on consumer spending has come mainly from high interest rates. The increase in mortgage rates from 9.5 per cent early last summer to 13.5 per cent has increased monthly interest payments on a typical £25,000 mortgage by about £50 to nearly £210 a month.

A further rise in mortgage rates — widely expected if base rates are not cut from 14 per cent in the near future — would reduce spending power still further.

Interest rates have also hit the housing market, cooling price rises and leading to falls in some places. Wealth and confidence — both important factors influencing consumer spending — have suffered as a consequence.

However, there are four factors in the pipeline that could boost spending in the next six months.

First is growth in incomes. In May, earnings were rising at an annual underlying rate of 9½ per cent compared with a norm of 8 per cent or less throughout most of the 1980s. With inflation at, or near, a

CONSUMER spending rose by 0.7 per cent in the three months to June as high interest rates trimmed growth, according to preliminary Central Statistical Office figures yesterday.

The rise was slightly higher than City analysts expected, but consistent with a slower underlying rate of increase. It followed a rise of 0.5 per cent in the first quarter of the year.

The small rises so far this year contrast with rapid increases last year. In the three months to December, consumer spending rose by 1.6 per cent.

The annual rate of growth remains relatively high, however. Consumer spending in the three months to June was 5 per cent higher than the corresponding period a year before. In part this reflects particularly weak consumer spending in the same period last year.

Mr Nigel Lawson, the Chancellor, forecast in his March Budget that consumer expenditure would grow by 3.5 per cent this year.

The preliminary estimates show that in the second quarter of 1989 consumers spent a seasonally adjusted £26bn at 1985 prices. This compared with £25.5bn in the previous three months.

peak, further strong growth will boost real incomes. A further boost to incomes will come from changes to the National Insurance contribution system which take effect from October.

At the same time, rising interest rates have actually increased incomes of many people, especially the elderly with large amounts in interest-bearing accounts. Mr Adrian Coles, chief economist at the Building Societies Association, says: "You have to assume that the reduction in consumer spending by mortgage holders is greater than the increase in spending by savers, if you want to believe mortgage rate rises have cut spending."

Similarly, incomes and wealth have been boosted by strong rises in equity prices this year which show little sign of fizzling out.

Second is employment growth. More people in jobs means more people with money to spend. In the past year, the workforce in employment has expanded by 600,000 to a record level.

There are signs that the rate of increase is moderating. But consumer spending will continue to reflect the delayed effects of rapid growth in past years.

Third is the propensity to borrow. Economic statistics suggest consumers are remarkably indifferent to higher interest rates.

Department of Trade and Industry figures for May showed a record £505m rise in the amount outstanding on consumer credit agreements. That was above average for the previous three months and suggested little, if any, slowdown in the underlying trend since last year.

Bank of England figures for bank lending to the UK personal sector for purposes other than for house purchases also show an upswing. In the three months to May, a record £2.1bn was lent — exceeding even amounts lent at the peak of last year's consumer boom.

In part, this could reflect "distress" borrowing — people borrowing to compensate for higher mortgage payments. But it underlines an apparent determination by consumers not to let spending growth slip too far.

Some of the rise in indebtedness is also involuntary. Figures from Citizens' Advice Bureau show inquiries about debt and consumer problems running at about 1.4m a year — and rising.

The final factor is the "expectations" effect. Hopes of tax cuts in the next Budget could already be encouraging spending.

Mr Chris Dillow, UK economist at the Nomura Research Institute, explains: "Consumer spending at any given time depends not just on the income received in that period but also expectations of what income will be in the future."

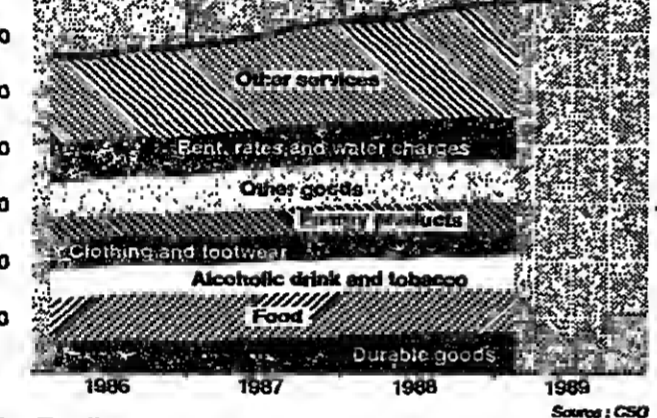
Assuming the net effect of these factors is to give a consumer a second breath, there is a risk that the Treasury could find itself forced to raise interest rates once more. There remain some escape routes for Mr Lawson, however.

In particular, savings may recover from their historically low levels as a proportion of incomes as high interest rates encourage thrift. The slowdown in the housing market may encourage more affluent consumers to restrain spending to maintain a given rate of wealth creation.

Confidence among consumers may also be rocked — again feeding through into lower spending. Here Mr Lawson could take the lead, for instance by hinting that a tax cut next year is in doubt. Such a hint might be politically unwise or might backfire, but it could, perhaps, be the move that brought the British consumer under his control.

Real consumers' expenditure

£bn, 1985 prices - seasonally adjusted



Ridley faces requests for extra powers against drought in south

By Joel Kibazo

TWO WATER authorities have applied to the Department of the Environment for regional drought orders to help them preserve declining supplies caused by the heatwave and resulting high demand.

Five out of the 10 English and Welsh water authorities have ordered hosepipe bans, but the authorities need a drought order to impose further restrictions on water use.

South West Water, which covers Devon and Cornwall, said yesterday its reservoir levels were falling.

A hosepipe ban was already in operation, and the drought order would enable it to curtail the use of water in car washes, fountains and private swimming pools.

The authority said: "We have applied for the order as a standby measure — we just hope we won't need it but the way things are going the heatwave seems likely to continue."

The area is the hardest hit of the 10 authorities, partly because of the increased demand for water from holidaymakers in the region. They can increase water demand by up to 30 per cent.

Southern Water, whose area extends almost as far westwards as Salisbury, confirmed that it had also applied for a drought order.

It is parts of London, however, that have been hit hardest by the water shortage, according to Thames Water. It said certain areas in the south-east of the capital now had no water, and up to 500,000 homes and many businesses were forced to use standpipes or tanker supplies yesterday.

The shortages were worsened by the authority's efforts to clean middle larvae from its Hampton treatment works. The authority said it had ordered a two-week hosepipe ban from last night.

Acas calls talks in bid to end BBC pay dispute

By Michael Smith, Labour Staff

THE British Broadcasting Corporation and broadcasting unions will tomorrow attend talks at Acas, the conciliation service, in an attempt to resolve their three month dispute over pay.

The talks, which were arranged at the invitation of Acas, follow another 12-hour stoppage by members of the three unions yesterday which disrupted news programmes and sports coverage.

They will be the first formal discussions between the two sides since the unions last month rejected a package which the BBC estimates is worth at least 9 per cent to all workers. The two sides are, however, still far apart, with the unions still seeking a pay rise of 16 per cent against the BBC's implemented increase, not including fringe benefits, of 7 per cent.

Mr John Foster, national officer for the National Union of Journalists, said the union's case was strengthened by a call yesterday by the Foreign Affairs Select Committee in the House of Commons for extra resources for the BBC world service.

More than 60 per cent of the service's costs went on staffing, he said. Low pay meant there were severe problems with morale.

The BBC disputed the unions' claims that 14,000 of the corporation's 28,000 staff joined in yesterday's action, estimating that only about 9,000 were involved.

Although the strike restricted news, music and sports coverage, the corporation was able to maintain transmissions from the Open Golf Championship at Troon and Ascot race course, partly by calling on managers and non-union staff to cover for strikers.

The strike — the 12th — also hit studio productions including recordings of 'Allo 'Allo, Colin's Sandwich, Renshaw's new series, The Ginger Tree, a major drama production and EastEnders.

BBC programmes will be hit again next Friday when staff walk out for a rally over the pay dispute. The unions have not ruled out more action before then.

BR and NUR draw battle lines for planned strike

By Fiona Thompson, Labour Staff

BOTH British Rail and the National Union of Railwaymen will be holding mass meetings of NUR members over the weekend in their separate bids to influence next Wednesday's planned 24-hour strike.

Meanwhile Mr Neil Kinnock, Labour Party leader, yesterday repeated his belief that British Rail would not increase its 8.8 per cent pay offer, but said he did not blame the NUR for trying to continue negotiations, since it represented "so many low paid workers."

BR's area managers, at the request of Mr David Kirby, vice chairman, have been asked to hold briefing sessions with supervisors who in turn will hold face-to-face meetings with all 70,000 NUR staff.

The supervisors will urge them to work normally on Wednesday, BR said yesterday. "Staff will be told they will not get any more money than the 8.8 per cent offered and they will be wasting their time if they continue to strike."

In his instructions to the area managers, Mr Kirby said: "Your job is to fulfil our immediate aim of getting as many staff as possible to work normally next Wednesday."

At the same time, NUR executive members and officers, including Mr Jimmy Knapp, general secretary, will be addressing branch and district council meetings in an attempt to keep up the solid support throughout the six-week long dispute.

The NUR acknowledged yesterday that the executive's decision late last Monday night to reject BR's 8.8 per cent offer had left "some confusion" among the rank and file.

"There certainly was a wobble in certain areas early on in the week," the NUR said. This was mainly because the late news of the decision and the following day's planned strike meant that complete details of the rejected offer could not be distributed until Thursday.

But the union is confident support for Wednesday will be solid. "BR has worked hard for some time to try to persuade our members to ignore the union. However, they have given BR a massive thumbs

down," the NUR said. Mr Knapp said yesterday that next Wednesday's strike was firmly on. "Nothing that has been said disguises the fact that railways remain a low paid industry and we'll continue to seek a just settlement of our case against low pay and long hours."

British Rail's proposals to reform collective bargaining will not be referred to national bodies. The referred version of the proposals sent to the unions last Monday show that issues which should be resolved at area and local level would not be referred to national negotiations.

A draft of the document, written on the day it was sent, said the way that the five proposed functional councils would apply a general pay increase to specific groups of staff could be referred back to central national talks. The final version of the document says the overall national body would set the framework for decentralised negotiations. But the functional councils' interpretation of the general award could not be referred upwards.

Restart schemes 'failing to reduce jobless total'

By John Arledge

TWO KEY Government employment programmes have failed according to two reports published this week.

Research in Coventry by the Unemployment Unit indicates that the Restart job training scheme for the long-term unemployed, is not helping to reduce joblessness.

A joint survey of 180 claimants from October 1987 to May last year revealed that 46 per cent were offered places on training schemes but none had been offered jobs. Nearly half thought Restart was a way of artificially reducing unemployment figures.

Sixty-two per cent said they felt pressurised into joining temporary training and employment schemes. Eighty per cent thought training programmes such as Employment Training, the adult training programme which pays an allowance worth a little more than social security benefits were a waste of time.

The second report, by the National Association of Educational Guidance Services for Adults, describes ET as "a perverted programme doomed to failure." The report is based on a nationwide survey of trainees which found drop-out rates were as high as 66 per cent, twice the official figure.

The nationwide survey, conducted from January to April, says that ET offers little hope for the long-term unemployed. It concludes: "Employment Training is only able to provide low level training. ET is actively creating and maintaining an economic underclass that will become less and less able to meet the demands of the labour market for increasingly sophisticated skills."

Restart in Coventry Coventry Unemployed Workers' Project, Unit 15, Arches Industrial Estate, Coventry CV3 9JQ. Employment Training NAEGS, 11 Clarence Street, Wolverhampton WV1 4JL. ©

Relics of industry 'decaying'

By David Fishlock, Science Editor

BRITAIN IS littered with deteriorating specimens of its industrial heritage, according to a report for the Museums and Galleries Commission.

That is caused partly by the rate of change in British industry in the past two decades and the enthusiasm with which many relics of the so-called smogstack industries were salvaged for posterity. Yet many such relics have never received the attention needed to ensure their long-term conservation.

It will not be possible to preserve everything that remains from this period, says Mr Donald Storey, author of the report and formerly keeper of technology at the Royal Museum of Scotland.

Mr Storey identified about 550 collections of industrial relics in Britain and questioned 40 of their curators.

Many are suffering from the effects of corrosion, atmospheric pollution, bio-degradation and general neglect, often because they are not even housed under cover.

His report reaches four main conclusions: (1) Insufficient buildings are available to protect the collections.

(2) Even when housed, collections tend to be in sub-standard buildings that fall to give adequate protection or access.

(3) There is an acute shortage of trained staff for adequate conservation of historic objects.

(4) More research is needed on the preservation of materials that conservators want.

It recommends preparation of a "first-aid" manual for industrial collections.

MPs deplore Thames Water supply cut

By Tom Lynch

THAMES WATER came under fire from both sides of the Commons yesterday over the curtailment of water supplies to about 600,000 people in south-east London and Kent.

Supplies were first hit on Wednesday when part of the Hampton treatment plant in south-west London was closed for cleaning after the water had been contaminated by midge larvae.

Thames said yesterday that the hot weather had placed increased demands on the remainder of the plant and the number of people affected had risen. It said that 500,000 people either had no supply or were experiencing reduced

water pressure. Answering an emergency Commons question, Mrs Virginia Bottomley, the junior Environment Minister, said the larvae were "unacceptable" but did not pose a health hazard. She assured MPs that Thames Water was doing all in its power to resume supplies.

However, Mr Simon Hughes, Democrat MP for Bermondsey, said Thames had in the past year cut development spending by 10 per cent and that for infrastructure by 25 per cent.

He was backed by Labour MPs when he argued that this was "exactly the sort of concern people have that after privatisation the consequence will be cutting costs and cutting investment and putting at risk the water supply."

Labour MPs said Thames Water should have devoted to water treatment the sums spent on pre-privatisation advertising and claimed that its management had spent too much time preparing for the autumn flotation at the expense of their main responsibilities.

Tony MPs rejected the Opposition claims, but there was criticism of Thames Water for not giving information earlier.

Mrs Bottomley said it was hoped the problems would be "largely resolved" by the end of the weekend.

Lord Young, Trade and Industry Secretary, said the DTI would extend its £2m a year support for the film industry until the end of 1993.

Dockers to be warned by letter on jobs

By Jimmy Burns

A GROWING number of port employers whose operations are continuing to be disrupted by the 12-day docks dispute are communicating directly with individual dockers with warnings that their jobs are at risk if they do not return to work.

In Liverpool and the Port of London, where over 1,200 dockers on strike, management is understood to be drawing up letters aimed at putting renewed pressure on the strikers next week.

The move followed a similar decision on Thursday by John Sutcliffe Consolidated Stevedores of Grimsby and Immingham to go into voluntary liquidation, with the loss of 225 jobs.

All the dockers on Humber-side who have lost their jobs will be entitled to maximum redundancy payments of £35,000.

The TGWU transport union yesterday accused port employers of "misleading" dockers. However in Liverpool, dockers are expected to be told that while the future of the port could be in jeopardy if the strike continues indefinitely,

an early return to work will not lead to compulsory redundancy.

Local management is nevertheless currently considering the future of about 200 of the striking dockers who are thought to have applied voluntarily for redundancy under the Government's compensation scheme.

Striking dockers in Southampton are holding a mass meeting on Monday amid signs that some of them want to return to work.

James Buxton on the prospects for Aberdeen's de-regulated port

KENNY REID is one of the new breed of port employers emerging after the abolition of the dock labour scheme.

He runs Aberdeen Cargo Specialists, one of three or four companies competing for business in the newly de-regulated port of Aberdeen where until a few weeks ago one company had a monopoly of cargo handling and was obliged to employ registered dockers.

Under the old regime Mr Reid was a union convenor, negotiating on behalf of Aberdeen's 92 registered dockers, led by the Transport and General Workers Union. Now he wears a smart grey suit, takes telephone calls from ships' agents seeking quotes for unloading ships, and talks about expanding his business into other areas and offering "anything that provides a useful service to the customer."

The transformation of Kenny Reid, a big man with a black moustache and a warm smile, from shop steward to entrepreneur is only one of several lightning changes at Aberdeen since the dock labour scheme (DLS) was abolished on July 4.

They were precipitated by the voluntary liquidation of the Aberdeen Stevedoring Company, which handled the general cargo and offshore supply traffic which between them make up about 90 per cent of Aberdeen's business, the other 10 per cent being fish.

The liquidation of Aberdeen Stevedoring, a subsidiary of the Edinburgh-based Christian Salvesen group, is controversial. Salvesen says it liquidated because it believed it would have been trading whilst insolvent had it carried on.

It says it was unable to reach a new agreement on pay and

conditions with the 92 dockers, since they accepted TGWU instructions not to negotiate with Grimsby and Immingham to go into liquidation soon after their dockers had agreed to return to work.

Yesterday, Lindsey Dock Services in Grimsby made redundant its 105 employees who went back to work on Wednesday after it ran into difficulties because of lost trade.

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The remaining 56 dockers agreed in principle to form a cooperative — Aberdeen Cargo Specialists — which swiftly obtained insurance cover to use the Harbour Board's cranes and began unloading its first ship early last week.

Though it will not touch the small amount of cargo diverted to Aberdeen by strikes in other ports, it is in direct competition with Mr Hendry's company and rates are being beaten down.

"We used to work very closely with management in negotiating handling contracts so I know a lot about it," says Mr Reid. The cooperative, not yet formally constituted, currently has 40 out of 52 men working.

Mr Reid acknowledges that they may be getting less money per tonne than under the DLS, but believes the cooperative can give higher pay than other operators while remaining competitive because it does not have to make a profit, only cover its costs.

Yesterday it moved into a temporary office and it has ambitions to offer other services, such as road transport and cargo storage. "There's a lot you can do with the kind of capital that may be available," says Mr Reid. The redundancy paid to the cooperative members is more than £1.5m.

After a slight hiccup caused by uncertainty after the DLS ended, port traffic is back to normal says Mr John Turner, chief executive of the Harbour Board, and the board and the operators are trying to win back business lost to other ports under the DLS.

Now fishing boats can land catches with their own crews if they want to, or use fish por-

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Saturday July 22 1989

Healthily out of sync

TO THE BRITISH, the underlying US inflation rate of 5.5% per cent might seem enviable...

The great inflationary crunch of the mid-1970s owed much to the coincidence of the oil crisis with a synchronised global economic boom.

In his half yearly report to the US Congress on monetary policy Mr Greenspan indicated on Thursday that the Fed believed that slowing in demand from the unsustainable rates of 1987 and 1988 was unavoidable.

Mixed blessing

That will not come as unwelcome news to the Germans and Japanese, for whom the strength of the dollar earlier this year was a decidedly mixed blessing.

Nor is the picture in the US discouraging in other respects. Trade imbalances invariably reflect internal economic imbalance; and in the US the most notable imbalance is between savings and investment.

WOMAN IN THE NEWS

Takako Doi The Iron Butterfly with a populist message

By Stefan Wagstyl

Tomorrow, Miss Doi, chairman of the Japan Socialist Party, the main opposition party, is widely expected to inflict on the ruling Liberal Democratic Party its biggest defeat in a national election in more than 30 years.

Miss Doi is a rarity in Japanese politics, not just because she is a woman in a man's world but also because she is a popular public personality in a society where most politicians remain anonymous.

She has a down-to-earth appeal. Almost every Japanese knows that she likes a party, plays pachinko (Japanese pinball), loves karaoke (singing in public bars), and is mad about baseball.

its three most recent leaders - Mr Yasuhiro Nakasone, Mr Naboru Takekoshi and Mr Sosuke Uno, the Prime Minister.

But voters have now forced Miss Doi to identify more with her sex. Women see her as a standard-bearer in the fight against discrimination and she has taken up the cause with a vengeance.

She became party chairman in 1986, in succession to Mr Masaashi Ishihashi who resigned following the JSP's worst-ever defeat in a general election. Miss Doi was chosen party because there were few alternatives among the extra-trade union officials who dominate the party hierarchy and partly because of her potential personal appeal to voters.

David Thomas reports on the background to Britain's teacher shortages

An empty desk in the classroom

For the fact is that Tower Hamlets is not typical. It still admits to nearly 300 children of primary age lacking school places in Tower Hamlets, but only hundreds of children are in the same predicament in other parts of the capital.

So in one sense Mr Baker is right to insist that there is no general crisis - if crisis is defined as a crude absence of teachers. Some of the claims to the contrary are cries of wolf.

Take Devon as an example. It has been widely asserted that this placid West Country authority, far away from the inner city pressures of Tower Hamlets, is also suffering from shortages - a shocking testimony to the depth of the problem, if it were true.

There has, in short, been a touch of hysteria in the reporting of the teacher crisis story. The false impression has been created that the problems of the most rundown parts of London are about to spread to much of the country.

These are the authorities - Ilea, Havering, Redbridge and so on - which have had to resort to exotic expedients. They have been on recruiting trips to the Netherlands, Ireland and West Germany and they have been filling their classrooms with young Australian teachers taking a break from their world tours.

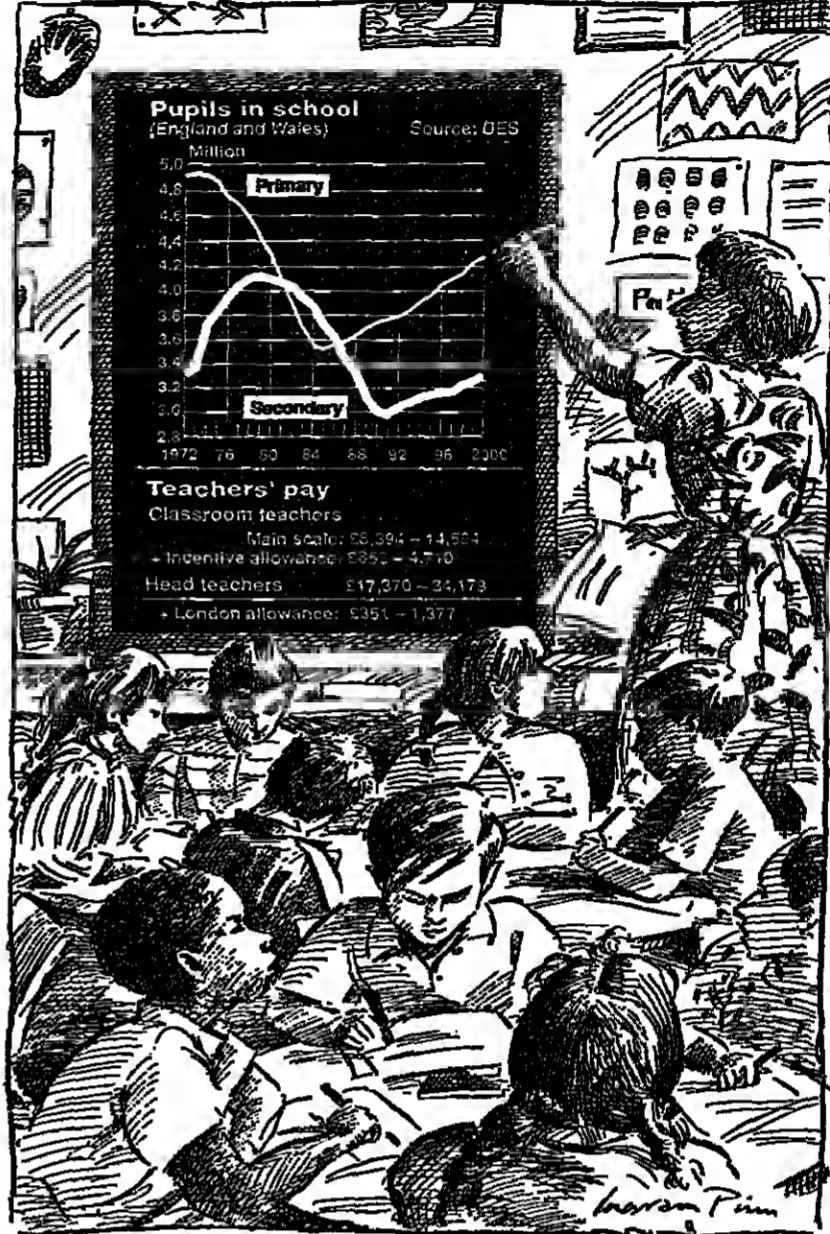
The already desperate position in Tower Hamlets has been exacerbated by the resignation of 252 teachers this year. Yet there is only anecdotal evidence to support the idea of a mass exodus of teachers across the country.

On the contrary, the teaching force is notably stable, with only about 1 per cent quitting the classroom each year for jobs outside education.

Away from the din of political battle, there is considerable agreement about the real shape of teacher shortages. The problem is multi-layered, affecting the various parts of the country to very different degrees and consisting of four main elements:

London and the south east, particularly areas with social problems or expensive housing, face severe difficulties in filling vacancies. Children kept at home, as in Tower Hamlets, are the tip of an iceberg. Schools are also being forced into other highly unsatisfactory arrangements, such as subjecting young children to an ever-shifting population of supply teachers.

Nakasone, then at the height of his popularity. Miss Doi followed Mr Ishihashi in trying to modernise the party and tone down its left-wing ideology.



The Government introduced £1,200 hursaries to tempt graduates into these shortage subjects, but their initial impact is wearing off. Applications to train as secondary teachers in physics are 20 per cent down, and in maths 15 per cent down, on last year.

Most education authorities are beginning to think hard about the 400,000-strong pool of qualified teachers who have left the teaching force, as many as those currently employed in schools. Re-entrants to the class-

room from this pool have formed an increasing share of teacher recruits throughout the 1980s. Yet both local councils and the Government have been slow to realise its potential.

Both the Education Department and the local authorities appear far behind private sector employers such as the big retailers or the banks in thinking strategically about the future source of their recruits.

The education service has been used to gobbling up some 11 per cent of 18-year-olds with two or more A levels. Maintaining that proportion in the next decade will be extremely daunting.

For its part, the Government is loosening the various routes into teaching in a bid to attract a more diverse set of recruits.

People aged over 25 with two years of higher education under their belt will be able to train on-the-job in schools. New graduates will also be able to opt for a form of on-the-job training. Teachers who have trained in other European Community countries are to be automatically recognised as trained to teach in British schools.

Teachers' starting pay of £9,390 (plus London allowance) for a good honours graduate is not markedly out of line with that in other jobs. But the maximum salary of a classroom teacher - £19,404 plus London allowance - is a poor inducement to those living in the south east or with marketable skills in science or maths.

The logic seems inescapable. The teacher unions' demand for large across-the-board increases for all teachers is a non-starter. With each 1 per cent on the teachers' pay bill costing £70m, no Government could afford it.

What is needed is a more selective approach, with increased differentials for senior teachers, supplements for teachers in shortage subjects and additional sums for those in high-cost areas.

All this will be needed if education is to stand a chance of attracting enough young graduates in the 1990s. The worry is that it will not even begin to address the long-standing problem of gross teacher under-qualification. Over half of teachers take classes in subjects in which their highest qualification is an A level. That is the real teacher shortage scandal.

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David Lascelles previews the soul-searching impending at NatWest After the inquest, the anguish

Lord Boardman, NatWest's chairman, enjoys the great outdoors - but he will not be relaxing this weekend.

The damning report issued on Thursday by the Department of Trade and Industry may finally have got to the bottom of the Blue Arrow market-rigging scandal - and Lord Boardman was among those who pressed most keenly to have it published to end speculation. But he must now address its blunt conclusion that a highly unsatisfactory state of affairs existed at his bank, and that several senior NatWest figures, including three directors, were to blame.

As a first step, he has called an emergency board meeting tomorrow to discuss it. Then there will be get-togethers with the Bank of England and the Securities and Investments Board who may demand resignations. The Serious Fraud Office is also considering whether to call in the police.

But action of some kind will be needed. Britain's second largest clearing bank with a name in virtually every high street in the land cannot expect trouble of this magnitude simply to go away. Even though the scandal started in a relatively small part of the vast NatWest organisation, and is now nearly two years old, the taint is still fresh and cannot be brushed aside as an aberration. Words like deceit, fraud, and police have been rife in the newspaper headlines, and they are not reassuring to people who entrust their money to

NatWest.

However, there is much irony in the way Blue Arrow has turned out. The vast majority of the 90,000 people who work for NatWest, including all those who man the tills in its 3,000 branches were probably even more appalled than their customers by what they read.

That is because County NatWest, the group's investment bank and source of the trouble, is in a compartment of its own within NatWest. Its business - dealing in the City markets and handling big takeovers - is quite different from clearing banks. The people who work there come from different - largely university - backgrounds, and, as Blue Arrow showed, have a quite different understanding of the rules of business.

When they tried to cover up the flop of the 2827m Blue Arrow rights issue by hiding unlisted shares on their own books, they were engaging in practices which were totally incomprehensible to the average clearing banker who joined straight from school. The fact that they were also losing hundreds of millions of pounds in



Players in the NatWest drama: (left to right) John Plastow, Terry Green, Charles Green and Lord Boardman

the process only made their behaviour even more unattractive to the rest of the group.

Those responsible for the scandal at County - and they are clearly identified in the report - now face a severe reprimand at the very least, possibly prosecution. But perhaps the sadder case is that of the three directors of NatWest who

tried, and failed, to deal with their unruly subsidiary. In the opinion of the inspectors, their conduct was regarded as "falling below that to be expected from responsible senior executives of NatWest Bank."

The three are Mr Charles Green, Mr Terry Green and Mr John Plastow - all of them highly experienced clearing

bankers who worked their way up the career ladder but who were pitched by Blue Arrow into the thick of a crisis they could not understand. According to the inspectors, "none of the three executive directors had sufficient experience to examine critically what they were being told by Messrs Reed and Wells (the directors from

County). Having raised one or two obvious points and having received some comfort in relation thereto, they accepted the position."

Mr Charles Green is 58 years old and a lifelong banker. Any suggestion of incompetence has to be weighed against the fact that he was, in the mid-1980s, in charge of NatWest's

balance sheet at a time when it was the only UK bank which was considered to be financially strong enough to deserve the top AAA credit rating. He is a member of the Church of England's General Synod, and helps run a number of other church-based organisations. His wife is a Church of England deacon and his son is a clergyman and his daughter a teacher. But none of this, of course, equipped him to deal with Blue Arrow.

Mr Terry Green (no relation) joined at the age of 16 and rose steadily through the NatWest ranks to hold top jobs in international banking and business development. He also had little experience of investment banking, though he was later landed with the unenviable job of running County after its chairman and chief executive were forced to quit.

Mr Plastow, who is 59, joined the bank as long ago as 1945 and held a wide range of jobs culminating in general manager of NatWest's Related Banking Services. This last post should have given him some experience of County since his job was to help manage NatWest's entry into the

investment banking business at the time of the Big Bang in 1986. Mr Plastow comes out particularly badly in the report because it is claimed that he authorised County to take on a big exposure to Blue Arrow. He did this, but the inspectors say they do not believe him.

Whatever the rights and wrongs of their behaviour, what emerges very clearly from the report is the huge cultural divide between NatWest and County, which raises fundamental questions about the ability of clearing banks to engage in investment banking. None the less, Lord Boardman was adamant this week that NatWest will continue to plug away with County. A big international bank like NatWest needs to be able to supply investment banking services to attract corporate clients, he says.

If the three executive directors are forced to resign - and we shall probably learn that next week - there will be a sacrificial note to their departure. None of them was accused of acting out of base motives or even of breaking the law. But they were incompetent to lead a new and alien part of the NatWest group, and allowed themselves to be deceived by fast-talking investment bankers who were engaged in a wide-ranging cover-up.

One senior NatWest executive said of County: "There are times when we wish we'd never seen them come in the door."

The white paper on legal services published on Wednesday seems to have done little to diminish the controversy that surrounds the Government's plans for the most radical changes to the legal profession this century.

The public's perception of how barristers and solicitors view the Government's proposals is generally determined by the official reactions of their respective governing bodies, the Bar Council and the Law Society. But however wide-ranging the views of the professional bodies, they cannot hope to encompass the huge diversity of grassroots opinion.

The reaction of different firms of solicitors and the issues that concern them will be a reflection of their size, geography and the type of work they do. The two- or three-lawyer country practice, reliant on a high volume of domestic conveyancing work for the major part of its income, is naturally most concerned about the proposal to allow the banks and building societies to carry out conveyancing work.

The medium and large commercial law firms are primarily concerned with the competition they may face from accountants if solicitors are allowed to enter into multi-disciplinary work. The reaction of barristers depends on how long they have been practising, where they practise and the type of work they do. The concerns of the specialist commercial barrister will differ from the young barrister starting out and obtaining most of his or her income from advocacy in the Crown Courts and magistrates' courts. The proposals to give solicitors wider rights of audience will be a big concern to such barristers.

Stephen Gold, a solicitor, is one of five partners in a general practice in Gosport, Hampshire. He has no illusions of the effect on his firm

Robert Rice asks members of the profession for their opinion on Lord Mackay's legal reforms The angry voices within

of allowing financial institutions to conveyancing.

"The gift of wider rights of audience to solicitors, which most do not want or will not exercise, is patently compensating for the manslaughter of their domestic conveyancing work. For those who want to practise law and not aggressive marketing techniques, the picture is bleak." As a litigation solicitor he also has concerns for the clients. What will happen to the battered wife in need of an urgent injunction if most of the caring litigators have shut up shop, he asks?

By contrast, the concerns of Lynda Martin Akepi, a partner in Baker & McKenzie, London, relate to the proposals on multi-national and multi-disciplinary partnerships. Baker & McKenzie is a medium-sized City firm but also part of the international partnership of Baker & McKenzie, the largest

law firm in the world. The white paper presents many opportunities for lawyers, she says. "Multi-national partnerships, as this firm knows, provide great professional interest and satisfaction that goes beyond providing better service to clients. Increased rights of audience will be taken up slowly at first. Wider access to the Bench is long overdue."

John Bowen is senior partner of 35-partner Cardiff solicitors Morgan Bruce & Harcourt, the biggest law firm in Wales. His firm does mainly company and commercial work and sees itself largely untouched by the white paper. But he appreciates the problems for smaller provincial practices. "Large practices with small dependence on fee income from domestic conveyancing will not fear properly controlled competition from

authorised conveyancers. However, some of the controls suggested seem naive in the extreme, such as the belief that a conveyancer will conscientiously put his client's interest above that of his employer."

Richard Brownson is one of two partners in the Ambleside and Windermere general practice of Gately Heelis & Co. For his type of traditional family firm the white paper proposals could spell disaster. "We are a small country practice providing a full range of legal services, relying very heavily on domestic conveyancing. Without this income our survival will be uncertain."

Richard Calland is starting his career at the Bar. He has just finished a year as Chairman of the Free Representation Unit, a charitable organisation run by Bar students and pupil barristers to provide free

legal advice and assistance in tribunals where legal aid is not available.

The white paper is a misconception, he says. "Tinkering with the practices of the Bar is a red herring; it fails to address the main inadequacies of the legal system, which are the ever-decreasing availability of legal aid and the failure to provide an efficient and modern court system."

Emily Thornberry was called to the Bar in 1983 and is criminal defence barrister in Toxtons Court, believed by many to have been the model for the radical set of chambers in the television series *Bill of Justice*. She feels the criminal justice system needs reforming and that the white paper does not do this. The only proposal affecting criminal defence work is the extension of solicitors' rights of audience in the Crown Court, she says, but "it

is highly unlikely they will exercise those rights as it is more efficient to brief counsel." Her real concern is that there may be a hidden agenda.

"It seems likely these proposals are paving the way for further cuts in legal aid," says Nicholas Stewart QC, a well-established commercial silk, called in 1971. He is a member of the Bar Council and editor-in-chief of Counsel, the Bar's magazine. His concerns are not so much for his own future but for the future of the independent Bar. "I am glad to see the disappearance of some of the green paper proposals which carried the danger of Government interference with the independence of the legal profession. It is also a relief that the Lord Chancellor has had second thoughts about the wisdom of giving wider rights of audience to lawyers employed by the

Crown Prosecution Service."

Phillip Rees is head of chambers at 34 Park Place, Cardiff. He was called to the Bar in 1965 and is a Crown Court Recorder. As the head of a provincial set of chambers his concerns are for the survival of the general practitioner and the potential danger to access to justice inherent in the proposals. "It has always been the case in Wales that a thoroughly efficient service has been provided by a host of small, often solitary, private local communities able to offer skilled legal expertise on both sides of the profession. I view with alarm the determination to allow the financial institutions to do conveyancing."

These views are by no means exhaustive, but they reflect the widespread concern about the Government's plans that exist within the profession and which cannot be dismissed simply as natural self-interest. Lord Mackay may have satisfied his critics in the Government, but he is a long way from convincing the profession that his proposals represent a change for the better.

LETTERS

Africa's potential

From Sir Douglas Wass.

Sir, Your editorial, "Flawed Plan for Africa" (July 13), does less than justice to the recent report of the Economic Commission for Africa (ECA) on a new framework for structural adjustment in Africa. You criticise the impractical and vague nature of the alternatives presented, and attack it for the yearning it reveals for the "statism" that characterised post-independence Africa and which greatly contributed to today's crisis.

Africa should stay with the recipe of the World Bank and the International Monetary Fund: realistic exchange rates, trade liberalisation, privatisation of state enterprises.

The ECA report does in fact go along with much of the IMF/IBRD (International Bank for Reconstruction and Development) prescription, for example, on domestic spending priorities, stimulating local entrepreneurial initiatives, fostering the repatriation of flight capital and so on. But it rightly draws attention to the weakness of some of this prescription for Africa in its present state of development and with its fragile infrastructure.

What the ECA is concerned about - as anyone who has studied the current state of sub-Saharan Africa must be - is the need progressively to transform the potential of the continent to be self-reliant, and to offer its people some prospect of rising living standards.

This transformation is not something that the free market can alone bring about. A measurable time-span. The price elasticities of domestic supply are too low, the managerial skills are too scarce, and the infrastructure (education, transport and health services) too weak to permit the sort of response that would be possible in developed economies to a structural adjustment programme based on financial criteria. This is why a good deal of state involvement is necessary if the transformation everyone must desire is to take place.

But this is not to enshrine "statism" in Africa. The ECA report looks forward to market forces playing an increasing role as an engine of growth and development "as and when the necessary productive capacity is built up and put in place."

The report can be criticised for the generality with which it discusses the methods and policies by which structural transformation can be promoted. But it would be a more vulnerable if it laid down firm, uniform standards for all African countries. The diversity of the continent is such that what is right for Algeria is unlikely to be right (now, or at any rate) for Mozambique.

The report offers a framework (not, as you say, a "plan") into which individual adjustment programmes can be fitted. Some of this framework and should be challenged, though to reject out of hand selective subsidies and multiple exchange rates as intermediate measures is to display doctrinaire prejudice.

The broad approach put forward is an important contribution to the urgent debate about what Africa needs to do to justify the support it must have if it is not to collapse. It deserves something more than the dismissive disdain you show for it.

Douglas Wass,
The Reform Club, Pall Mall, SW1

Disinterested financial advice can be found

From Mr Charles Maggs.

Sir, One of John Edwards' comments on the drawbacks of the Financial Services Act (July 15) is that, if the provisions in the Companies Bill amending the FSA are enacted, "These would allow members of recognised professional bodies - accountants, solicitors, estate agents and even funeral directors - to offer financial services without being subject to the rules and regulations governing independent financial advisers."

This is a misunderstanding about the effect of the proposed changes to the FSA. The members of professional bodies which are "recognised" for purposes of the Act will continue to be subject to the same regimes as at present. These impose rules which are at least as strict as those governing the mainstream investment industry. Solicitors may not be "appointed representatives," as this would give rise to an unacceptable conflict between their duties to their clients and those which they would owe to their investment-selling principals. Also, the rules laid down under the Act for the treatment of commission merely require independent financial advisers to disclose commission received to their customers. Solicitors must both disclose it and actually pay it, or an equivalent sum, to their clients, in the absence of specific agreement to the contrary. This is the only way to ensure that financial advice is genuinely disinterested and unbiased.

Thus, though it will be regrettable if the Lauro (Life Assurance and Unit Trust Regulatory Organisation) decision to scrap the maximum commission agreement leads to a commissions war, solicitors' clients will not lose by it.

Charles Maggs,
The Law Society, 50 Chancery Lane, WC2

Getting around in London

From Mr A.C. Davey.

Sir, The debate in your column concerning transport in London has brought out a number of important shortcomings in the Department of Transport's approach, in the current round of assessment studies. One of the most important, however, tends to be overlooked.

The Department seeks to demonstrate a rate of return on investment in large road improvements, based on a cost benefit analysis. The costs include the cost of works, and the benefits include an estimate of time and other savings that may be achieved. The Department, however, excludes from the calculation the cost of public land that may be taken; this is treated as having nil value.

The only merit of this approach is that it enables officials to claim a higher rate of return on road projects - most recently at the Henley's Corner enquiry where 12 acres of green land would be required for the Department's scheme and is costed at no value. If public land is to be taken for road improvements, should it not, in a market economy, be put up for auction? Only if the Department of Transport can outbid commercial developers, and justify the road schemes which result, should the scheme be considered.

This principle is particularly important in the present round of assessment studies, where the Department has before it options which would concentrate over swathes of London's diminishing green spaces: Barnes Common, Victoria Park in Hackney, the Parkland Walk, and others.

The debate on London's transport cannot be conducted on the basis that such land has nil value. That is manifestly absurd.

A.C. Davey,
58 Claremont Road, N6

'Major urban road building is a last resort'

From Mr Peter Bottomley.

Sir, Four hundred municipal engineers, consultants and councillors in conference at Cambridge (July 18) heard me say that major urban road building is a last resort.

Anyone who believes that in London the Department of Transport is preoccupied by more roads as a "solution to transport problems" - in Ian McIntyre's words (Letters, July 15) - should read Transport in

Bicycling as part of transport policy

From Mr James Brander.

Sir, I am delighted to see letters in your columns about cycling to work.

I was especially pleased by Patrick Uden's letter (July 18) explaining that he found it quicker to go to Heathrow by cycle than by car. (Though, of course, the conventional response to such a statistic - hitherto adopted by the Department of Transport - is to cry out for a better road.)

However, there are signs that things may be changing. The Department of Transport

Product	Applied rate	Interest rate	Minimum balance	Access and other details		
Alliance and Lefort	Capital Choice	10.35	10.35	Yearly	£1,000	4 m (7.75% - 3m (9.15% - 1m) 8.95/9.75/10.40/11.15 inc. acc.
	Gold Plus	9.25	9.25	Yearly	£25,000	7.90/8.40/8.90/9.40/9.90/10.40/10.90/11.40/11.90/12.40/12.90/13.40/13.90/14.40/14.90/15.40/15.90/16.40/16.90/17.40/17.90/18.40/18.90/19.40/19.90/20.40/20.90/21.40/21.90/22.40/22.90/23.40/23.90/24.40/24.90/25.40/25.90/26.40/26.90/27.40/27.90/28.40/28.90/29.40/29.90/30.40/30.90/31.40/31.90/32.40/32.90/33.40/33.90/34.40/34.90/35.40/35.90/36.40/36.90/37.40/37.90/38.40/38.90/39.40/39.90/40.40/40.90/41.40/41.90/42.40/42.90/43.40/43.90/44.40/44.90/45.40/45.90/46.40/46.90/47.40/47.90/48.40/48.90/49.40/49.90/50.40/50.90/51.40/51.90/52.40/52.90/53.40/53.90/54.40/54.90/55.40/55.90/56.40/56.90/57.40/57.90/58.40/58.90/59.40/59.90/60.40/60.90/61.40/61.90/62.40/62.90/63.40/63.90/64.40/64.90/65.40/65.90/66.40/66.90/67.40/67.90/68.40/68.90/69.40/69.90/70.40/70.90/71.40/71.90/72.40/72.90/73.40/73.90/74.40/74.90/75.40/75.90/76.40/76.90/77.40/77.90/78.40/78.90/79.40/79.90/80.40/80.90/81.40/81.90/82.40/82.90/83.40/83.90/84.40/84.90/85.40/85.90/86.40/86.90/87.40/87.90/88.40/88.90/89.40/89.90/90.40/90.90/91.40/91.90/92.40/92.90/93.40/93.90/94.40/94.90/95.40/95.90/96.40/96.90/97.40/97.90/98.40/98.90/99.40/99.90/100.40/100.90/101.40/101.90/102.40/102.90/103.40/103.90/104.40/104.90/105.40/105.90/106.40/106.90/107.40/107.90/108.40/108.90/109.40/109.90/110.40/110.90/111.40/111.90/112.40/112.90/113.40/113.90/114.40/114.90/115.40/115.90/116.40/116.90/117.40/117.90/118.40/118.90/119.40/119.90/120.40/120.90/121.40/121.90/122.40/122.90/123.40/123.90/124.40/124.90/125.40/125.90/126.40/126.90/127.40/127.90/128.40/128.90/129.40/129.90/130.40/130.90/131.40/131.90/132.40/132.90/133.40/133.90/134.40/134.90/135.40/135.90/136.40/136.90/137.40/137.90/138.40/138.90/139.40/139.90/140.40/140.90/141.40/141.90/142.40/142.90/143.40/143.90/144.40/144.90/145.40/145.90/146.40/146.90/147.40/147.90/148.40/148.90/149.40/149.90/150.40/150.90/151.40/151.90/152.40/152.90/153.40/153.90/154.40/154.90/155.40/155.90/156.40/156.90/157.40/157.90/158.40/158.90/159.40/159.90/160.40/160.90/161.40/161.90/162.40/162.90/163.40/163.90/164.40/164.90/165.40/165.90/166.40/166.90/167.40/167.90/168.40/168.90/169.40/169.90/170.40/170.90/171.40/171.90/172.40/172.90/173.40/173.90/174.40/174.90/175.40/175.90/176.40/176.90/177.40/177.90/178.40/178.90/179.40/179.90/180.40/180.90/181.40/181.90/182.40/182.90/183.40/183.90/184.40/184.90/185.40/185.90/186.40/186.90/187.40/187.90/188.40/188.90/189.40/189.90/190.40/190.90/191.40/191.90/192.40/192.90/193.40/193.90/194.40/194.90/195.40/195.90/196.40/196.90/197.40/197.90/198.40/198.90/199.40/199.90/200.40/200.90/201.40/201.90/202.40/202.90/203.40/203.90/204.40/204.90/205.40/205.90/206.40/206.90/207.40/207.90/208.40/208.90/209.40/209.90/210.40/210.90/211.40/211.90/212.40/212.90/213.40/213.90/214.40/214.90/215.40/215.90/216.40/216.90/217.40/217.90/218.40/218.90/219.40/219.90/220.40/220.90/221.40/221.90/222.40/222.90/223.40/223.90/224.40/224.90/225.40/225.90/226.40/226.90/227.40/227.90/228.40/228.90/229.40/229.90/230.40/230.90/231.40/231.90/232.40/232.90/233.40/233.90/234.40/234.90/235.40/235.90/236.40/236.90/237.40/237.90/238.40/238.90/239.40/239.90/240.40/240.90/241.40/241.90/242.40/242.90/243.40/243.90/244.40/244.90/245.40/245.90/246.40/246.90/247.40/247.90/248.40/248.90/249.40/249.90/250.40/250.90/251.40/251.90/252.40/252.90/253.40/253.90/254.40/254.90/255.40/255.90/256.40/256.90/257.40/257.90/258.40/258.90/259.40/259.90/260.40/260.90/261.40/261.90/262.40/262.90/263.40/263.90/264.40/264.90/265.40/265.90/266.40/266.90/267.40/267.90/268.40/268.90/269.40/269.90/270.40/270.90/271.40/271.90/272.40/272.90/273.40/273.90/274.40/274.90/275.40/275.90/276.40/276.90/277.40/277.90/278.40/278.90/279.40/279.90/280.40/280.90/281.40/281.90/282.40/282.90/283.40/283.90/284.40/284.90/285.40/285.90/286.40/286.90/287.40/287.90/288.40/288.90/289.40/289.90/290.40/290.90/291.40/291.90/292.40/292.90/293.40/293.90/294.40/294.90/295.40/295.90/296.40/296.90/297.40/297.90/298.40/298.90/299.40/299.90/300.40/300.90/301.40/301.90/302.40/302.90/303.40/303.90/304.40/304.90/305.40/305.90/306.40/306.90/307.40/307.90/308.40/308.90/309.40/309.90/310.40/310.90/311.40/311.90/312.40/312.90/313.40/313.90/314.40/314.90/315.40/315.90/316.40/316.90/317.40/317.90/318.40/318.90/319.40/319.90/320.40/320.90/321.40/321.90/322.40/322.90/323.40/323.90/324.40/324.90/325.40/325.90/326.40/326.90/327.40/327.90/328.40/328.90/329.40/329.90/330.40/330.90/331.40/331.90/332.40/332.90/333.40/333.90/334.40/334.90/335.40/335.90/336.40/336.90/337.40/337.90/338.40/338.90/339.40/339.90/340.40/340.90/341.40/341.90/342.40/342.90/343.40/343.90/344.40/344.90/345.40/345.90/346.40/346.90/347.40/347.90/348.40/348.90/349.40/349.90/350.40/350.90/351.40/351.90/352.40/352.90/353.40/353.90/354.40/354.90/355.40/355.90/356.40/356.90/357.40/357.90/358.40/358.90/359.40/359.90/360.40/360.90/361.40/361.90/362.40/362.90/363.40/363.90/364.40/364.90/365.40/365.90/366.40/366.90/367.40/367.90/368.40/368.90/369.40/369.90/370.40/370.90/371.40/371.90/372.40/372.90/373.40/373.90/374.40/374.90/375.40/375.90/3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UK COMPANY NEWS

Yale and Valor bids for Myson

MYSON GROUP, the boiler and radiator manufacturer which was the first UK company to experience a management buy-in, has agreed to a £180m offer from Yale and Valor, the security and home products group, writes John Thornhill.

The deal is partly overshadowed by the stock market controversy that has surrounded Myson in the last few days. Its shares have risen sharply on rumours of an imminent bid, suggesting the possibility of insider dealing.

In response to the share price rise, Myson acknowledged on Thursday that it had received a bid approach and its shares closed the day up

54p at 231p. On Monday morning they stood at 150p.

Commenting on the surge Mr Michael Montague, executive chairman of Yale, said: "I believe that it is extremely important that there is a full enquiry. We have no idea how it can have occurred. It seems to me there must have been a leak. It is quite disgraceful."

Mr Montague said the stock market rumours had hastened the offer talks and the deal had been completed at 7am yesterday morning after the two sides had worked through most of the night.

Yale is offering 129 convertible preference shares and £72.10 cash for every 100 Myson shares. Myson will also

pay a special dividend of 10p per share. The offer values each share at about 221p.

To some extent, Myson's shareholders will be able to choose how much cash and how many shares they receive on a mix-and-match basis. However, the overall proportion of cash to shares being offered will not change.

Mr Kay Wheeler and Mr John Salkeld, former directors of GEC, who led the institutional investor group which bought Myson for £5.6m eight years ago are to resign from the board on completion. Mr Wheeler, chairman and chief executive, and Mr Salkeld, deputy chief executive, will receive several million pounds

between them.

The move will extend Yale's interests in the central heating market and complement its existing range of gas heating products. In particular, Yale plans to use its distribution network to increase Myson's business in the US.

Myson, based in Ongar, in Essex, designs and manufactures a range of central heating equipment, towel warmers, and air conditioners. It runs 15 plants and employs about 3,600 people.

Pre-tax profits in 1988 were £22.6m on turnover of £169.6m. Net tangible assets at the year end were £44.5m.

See Lex

Newgateway has 40% of Gateway as M&G sells

By Maggie Urry

NEWGATEWAY, the defeated bidder in the £2bn bid battle for Gateway, continued to build up its stake in the food retailer yesterday, buying 41.9m shares from M&G Investment Management, the last institution holding a sizeable stake in Gateway. The price was 242p, 10p above the Stock Market price.

Newgateway now owns, or is acting with the owners of, close to 40 per cent of Gateway's shares. It has said it is a long-term investor in Gateway even though Isoceles won control last week. Isoceles holds or has acceptances for about 53 per cent of Gateway's shares, meaning that little stock is left outstanding.

Mr David Smith, head of Isoceles, said yesterday that he expected to move onto the Gateway board on Monday. He said he would be "getting to grips with the business as quickly as possible". He thought it unlikely that Mr Louis Sherwood, head of the Gateway Foodmarkets chain, would stay with the company.

Analysts are puzzled as to why Newgateway has been adding to its Gateway stake - believed to have cost one company backed by the Great Atlantic & Pacific Tea Company (A&P), the US food retailer, and Wasserstein Perella, the US corporate finance boutique, about £500m.

They have suggested that Newgateway was strengthening its bargaining power in the long-standing negotiations to sort out the stalemate between the two sides.

Mr Smith said: "We assume that someday Wasserstein Perella and A&P will tell us what their longer-term interests are."

M&G said it had retained 10.8m shares (1.2 per cent of the total) which are held in a recovery fund. It said the funds which sold were unit trusts and pension funds. They did not feel it was appropriate to keep an interest in Gateway through the controversial "stake" equity which was part of the Isoceles offer.

M&G said it had the choice of taking £20p in cash from Isoceles, taking 215p in cash and the stub which it would then sell, or selling at 242p. The stub, which was valued at 30p to 35p by Salomon Brothers during the course of the bid, was being quoted at 15p to 20p yesterday. M&G decided the 242p price was the best for the future of the company, however, was prepared to retain the stub, which is a higher risk investment.

Yesterday, Newgateway wrote to Gateway shareholders allowing them to withdraw their acceptances of the Newgateway offer. This releases them so that they can sell in the market or accept the Isoceles bid.



David McErlain: it would 'take a few days for the victory to sink in'

Wheeler dealing a successful turnaround

Myson's value has risen £173m in 8 years. John Thornhill reports

IN 1981 Myson Group was in a mess. Having hectically expanded in the 1970s in the heating business, it had built up sizeable debts and was badly placed to cope with the severe recession that was to follow.

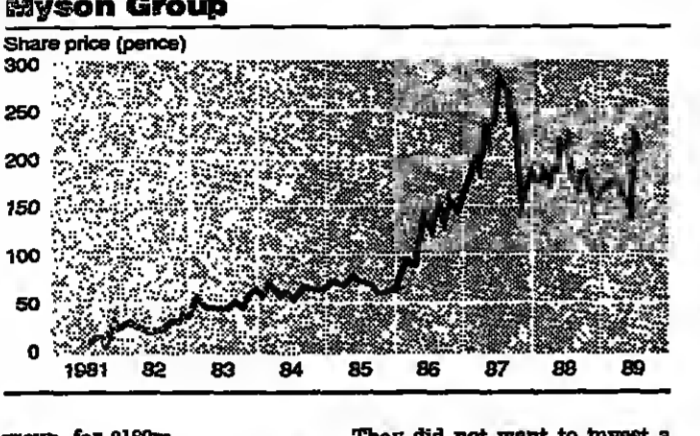
When the hard times hit, sales declined, stocks mushroomed, and associated redundancy and closure costs nearly put the company into an irrecoverable downward spin.

At the height of these problems, Myson revealed attributable losses for 1980 of £5.5m and showed debts of £21m - scarcely sustained by £2m of shareholders' funds.

Myson, like so many other small manufacturing concerns at the time, might easily have crashed had it not been for two pieces of great fortune.

First, Barclays Bank kept the company afloat with a refinancing package. Then, a group of nine City institutions, headed by two associate directors of GEC, bought the company for £5.6m in what was probably the first example in this country of a management buy-in.

In the space of eight years, these two businessmen - Mr Ray Wheeler and Mr John Salkeld - steered Myson through the recession, shook it up, returned it to profit, biased the acquisition trail, and finally, somewhat reluctantly, agreed to sell it to Yale and Valor, the security and home products



group for £180m.

Mr Wheeler has hardly had time to reflect on his time at Myson, as he has been absorbed with the talks with Yale and Valor for the last few days, but his first impression yesterday of the whole experience was what fun it had all been.

In 1981, he was not entirely happy with his job at GEC. "I told Arnold (Lord Weinstock) that I was not a big company man and was going to leave. John Salkeld felt the same as I did. So we sat down in the garden and worked out what we were going to do."

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Institutions help Anglo United to victory in bid for Coalite

By Ray Bashford

ANGLO UNITED yesterday won the £478m takeover battle for Coalite, its far bigger competitor in the fuel distribution business, following a wave of support from institutional investors.

The offer was declared unconditional when Anglo United received acceptances representing 40.26 per cent of the capital, at the most recent closing date last Thursday, which lifted its interest to 51.74 per cent.

The size of institutional support for one of the UK's most highly-leveraged successful takeovers surprised many City analysts who had been forecasting acceptances of 25 per cent to 30 per cent in the run-up to Thursday's close.

The six-week battle developed into a rigorous test of the companies' management styles and records which intensified the long-standing animosity between Mr David McErlain, the chairman of Anglo and Mr Eric Varley, Coalite's chairman.

Mr Varley, the former Labour energy secretary, declined to comment on the outcome but in a short statement thanked shareholders who supported the board and repeated that the offer undervalued the company.

Mr McErlain said it would "take a few days for the victory to sink in" but intended to begin preparations quickly for the planned asset disposals to finance the purchase.

Anglo, which at the time of the offer's announcement was about one-eighth the size of Coalite, intends to give priority to the disposal of the quarrying, waste disposal and building merchant activities in an attempt to break the back of the £500m bridging finance by March 1991.

Anglo's cash received an important boost early last week the Prudential Portfolio

Managers sold half its 5.6 per cent stake. One hundred institutions controlled 82 per cent of Coalite's capital and the 10 largest held 35 per cent.

Several analysts said that Mr Varley failed to convince institutions that the company's pedestrian performance during the past few years would improve, despite forecasts of profit and dividend increases.

He was also criticised for not reacting fast enough to the potential of an Anglo challenge when it appeared on the share register earlier this year.

"They (the Coalite board members) were too slow to reply to the Anglo threat. They were too arrogant to believe that anything would happen," an analyst said.

"On the other hand Anglo had excellent strategy and timing throughout the offer," Samuel Montagu, Anglo United's advisers, wrote for a £21.5m fee for success which included all aspects of the takeover including financing costs.

See Lex

Morgan Grenfell stake sold

By Vanessa Houlder

DEWEY WARREN, the USM-noted chief company yesterday sold a 4.9 per cent holding in Morgan Grenfell to an undisclosed buyer.

The sale of the stake, which was announced just before the market shut, is likely to receive interest because of the presence of several large shareholders on Morgan's share register.

Willis Faber, the insurance broker, has a 20.5 per cent stake and Deutsche Bank has a 4.9 per cent stake.

Mr Colin Emson, chairman of Dewey Warren, said that he did not believe that the buyer had hostile intentions. It had always been his intention, as far as possible, to sell to some-

one agreeable to Mr John Craven, Morgan Grenfell's chief executive, he said.

Mr Craven said that he did not know who had bought the stake, although he had been informed by Dewey Warren of the sale.

Mr Emson said he was pleased to have got rid of the stake, which had produced relatively low income and had accounted for a third of its capital.

The cash raised was

intended to be used to increase the capital of the Robert Fraser merchant bank which it hopes to reverse into Dewey Warren.

Dewey Warren sold 7.4m shares through UBS Phillips & Drew for 300p per share, yielding a total of £22.2m after expenses. It has been left with a 1.1 per cent stake in Morgan Grenfell.

Morgan Grenfell's shares rose by 21p to 313p, after a generally strong day's trading for bank shares.

Shares fall 40p at Cont Microwave

By Clare Pearson

Shares in Continental Microwave fell sharply 40p to 110p yesterday after the USM-quoted specialist in microwave technology said profits for the year to end-June would be lower than in the previous year.

Delays in the awarding of orders by the Ministry of Defence were at the heart of the problem, Mr David Young, chairman, said. The company had also lost about £200,000 through cost overruns on one contract during the first half. Last year the company made £1.51m.

Nevertheless, Continental intends to pay a management final dividend of 2.05p. Mr Young said one of the delayed orders, for a satellite earth station, was about to be awarded to the prima contractor. "Based on the information available", he was confident prospects for the current year were good.

Abbey shares delivery dispute

By Clare Pearson

LLOYDS BANK Registrars and the Post Office were at odds yesterday over the mysterious non-appearance of Abbey National share certificates in parts of the country including Yorkshire, Hertfordshire, and East Anglia, nearly two weeks after they started to be sent out.

Lloyds said it had not received an explanation from the Post Office about the reported non-receipt of certificates in Essex, south-east London, Yorkshire, Hertfordshire, parts of Buckinghamshire, Oxfordshire, and Northampton.

It added that the missing share certificates seemed to be separate from the 120,000 where, Lloyds said earlier this week, the letters had been wrongly addressed.

However the Post Office said: "All the correctly addressed items which we received have been delivered." It added that one of Lloyds' mailing houses in Greenwich in south-east London, had

delivered substantially fewer certificates than it had said were due to be handed over.

This comment conflicted with confirmations the Post Office had already provided about the number of the 4.25m certificates delivered to it, Lloyds said.

It also said yesterday some 30,000 certificates had been returned chiefly because of printing mistakes. This suggested the majority of the 120,000 letters which went out with jumbled addresses, due to a computer error, had got through.

Lloyds took the unprecedented step this week of offering compensation to those people who had incurred extra costs because of the computer mistake. Abbey has also said that shareholders who did not receive refund cheques on time can have interest payments backdated to July 12, the first dealing day, if they paid them into Abbey accounts.

Lloyds has come under heavy criticism for various mistakes made in dispatching certificates to Abbey members, who were entitled to shares in the former building society which floated on the stock market last week.

Abbey is concerned about the loss of goodwill among its customers arising from the various hitches.

Mr John Fry, Abbey's group services director, said: "There is a distinct possibility that we shall be seeking a reduction in Lloyds' bill."

After a week during which the expected deluge of sales by the new Abbey shareholders failed to materialise, the shares closed yesterday at 147p, down 4p. Mr John Wrightley, building society analyst at UBS Phillips & Drew, said he thought holders may have been put off selling by warnings in the press the price could slump on this trend.

Acquisitions lift Park Food 33%

WITH THE help of acquisitions, the Park Food Group, whose main business is the packing and supplying of hampers, increased its pre-tax profit by 33 per cent in the year ended March 31 1989.

Park purchased the County Group of hamper distributors last September for £8m, and Edward Butler Vintners for some £1.8m.

Mr Peter Sherlock, chairman, said core business remained strong, with good performance by most of the existing companies, particularly High Street Vouchers. And with improvements since elsewhere, prospects looked good.

Turnover grew 29 per cent to £106.06m (£82.1m) and the profit came to £3.04m (£2.26m), of which the hamper division provided £3.06m (£2.12m).

The drinks side turned from a profit of £10,000 to a loss of £224,000, said the chairman, because of Lamb & Watt's difficulty in obtaining adequate supplies of Scotch whisky for own-label bottling market.

However the division was recovering as economies at Warrington had been made and increased productivity was being achieved.

Earnings came to 16.46p (13.89p) and the dividend is raised 1p to 6.3p, with a final of 4.3p.

There was an extraordinary

Hickson reorganises Australasian interest

Hickson International, the specialist chemicals group, will cede control for most of its Australasian timber preservative business to its main competitor in the sector, Koppers Australia Pty, a tannery, by a complicated series of transactions involving the establishment of a joint venture.

As part of the deal, KAP, which is 50 per cent owned by Broken Hill, is to pay Hickson AS£13.2m (£6.1m) for the 15 per cent stake Hickson has held in KAP for about 20 years.

Mr Mike Taylor, Hickson finance director, said his company had wanted to dispose of its KAP stake for many years. KAP was persuaded only after Hickson's February acquisition of Wolman, which is a major research and development supplier for KAP.

Wolman and KAP were both former subsidiaries of Koppers, the US chemicals company which Beazer, the UK house-builder, bought last year.

KAP will manage the joint venture, called Koppers-Hickson Investments, and control a 51 per cent stake, bought for AS£3.1m; Hickson is to pay AS£2.9m for the remaining stake. It will have sales of about AS£2m a year and supply 70 per cent of the Australian and South East Asian timber preservative chemicals market.

Hobsons Publishing rises to £152,000

Hobsons Publishing, which publishes educational, vocational, scientific and industrial material, lifted pre-tax profits 29 per cent from £118,000 to £152,000 in the first half of 1989.

Turnover was up to £3.74m (£3.12m) and, with tax taking £53,000 (£41,000), earnings rose 0.4p to 3p. The interim dividend is increased to 2.4p.

Mr AA Bridgewater, chairman, said that the very strong order book, together with the investment and progress made in the first half, would result in another successful year.

Benefits would start to flow in the second half from the expansion of the leisure services side, he said. The company has also developed four new trade/technical directories. Management changes should result in significant improvements in Gore Publishing and Graphics Trade Publishing, both acquired last August.

Westminster & Country trebles

A first-time, and major, contribution of £2.73m from the company's joint venture trading side has helped Westminster &

Country Properties all but treble pre-tax profits from £1.01m to £3m in the year to April 30.

Country Properties all but treble pre-tax profits from £1.01m to £3m in the year to April 30. Furthermore net asset value at this property investor and developer rose 49 per cent to 179p (120p) per share. This was due to the increased retained profits and a surplus of £271,000 arising from a revaluation of the group's investment properties.

Because of the emphasis on joint ventures, direct sales turnover was halved to £6.03m (£12.16m). Administrative costs were up at £2.21m (£1.24m) and net interest payable up to £247,000 (£240,000). Tax took £945,000 (£136,000), leaving earnings substantially more than doubled at £1.9p (36.4p).

The directors have recommended raising the final dividend by 71 per cent to 12p (7p) for a total of 14p (8.5p) for the year. They said that the current year had started well with a number of profitable sales expected to be under contract shortly. They added however, that it was too early to say whether last year's success could be maintained.

Heritage achieves substantial growth

Heritage achieved substantial growth in the first seven months of 1989, with operating costs of £661,000 and depletion of £1.1m. Administrative and other costs were £1.51m, net interest payable was £432,000, exceptional charges were also £432,000 (£114,000 as introduction to the Third Market and £318,000 on the disposal of Floyed Energy) and losses per share were 5.7p.

Sanderson Elect £0.5m investment

Sanderson Electronics, the USM-quoted computer and software company, has taken another step towards creating a worldwide computer services group through the acquisition of a 45 per cent stake in AWA Computers, a subsidiary of the Australian group AWA.

Sanderson is to invest £500,000 in equity and loans in a new company, SGA Pacific, which will acquire the computer distribution and software activities of AWA Computers.

General Automation, the California-based computer manufacturer and P1CK systems specialist in which Sanderson has a 35 per cent stake and the right to acquire control, will own a further 30 per cent in SGA. The remaining 25 per cent will be held by the senior management of AWA Computers.

General Automation will merge its Singapore and Hong Kong subsidiaries into SGA.

For the year to June 30, the operations acquired turned over about £13m. Sanderson lifted pre-tax profits 53 per cent to £1.51m (£983,000) for the half-year to March 31.

Caspen Oil calls for £1.2m after losses

Caspen Oil involved in the exploration for and development and production of oil and gas reserves in the North America, has announced losses at the pre-tax level of £1.46m in the six months to January 31. This is half the losses reported for the seven months to July 31 1988.

At the same time, the company, which came to the Third Market last December predicting the need to secure additional financing, has launched a one-for-two rights issue to raise about £1.2m net of expenses to put the company's finances on a sound footing.

Turnover in the period under

Code	Share Price	Amount Paid	Latest Issue	1989	Stock	Dividend	+/-	Div. Yield	P/E	Dividend Cover
130	F.P.	162	144	1989	Abbey National 10p	147	-4	7.7	7.0	6.0
433	F.P.	42	25	1989	Abbey National 5p	147	-4	7.7	7.0	6.0
126	F.P.	108	108	1989	Abbey National 10p	147	-4	7.7	7.0	6.0
432	F.P.	42	25	1989	Abbey National 5p	147	-4	7.7	7.0	6.0
105	F.P.	105	105	1989	Abbey National 10p	147	-4	7.7	7.0	6.0
431	F.P.	42	25	1989	Abbey National 5p	147	-4	7.7	7.0	6.0
104	F.P.	104	104	1989	Abbey National 10p	147	-4	7.7	7.0	6.0
430	F.P.	42	25	1989	Abbey National 5p	147	-4	7.7	7.0	6.0
103	F.P.	103	103	1989	Abbey National 10p	147	-4	7.7	7.0	6.0
429	F.P.	42	25	1989	Abbey National 5p	147	-4	7.7	7.0	6.0
102	F.P.	102	102	1989	Abbey National 10p	147	-4	7.7	7.0	6.0
428	F.P.	42	25	1989	Abbey National 5p	147	-4	7.7	7.0	6.0
101	F.P.	101	101	1989	Abbey National 10p	147	-4	7.7	7.0	6.0
427	F.P.	42	25	1989	Abbey National 5p	147	-4	7.7	7.0	6.0
100	F.P.	100	100	1989	Abbey National 10p	147	-4	7.7	7.0	6.0

Code	Share Price	Amount Paid	Latest Issue	1989	Stock	Closing Price	+/-
100	F.P.	277	277	1989	Anglo United 9 1/2% Deb. 1999	1180	-2
120	F.P.	277	277	1989	Anglo United 9 1/2% Deb. 1999	1180	-2
140	F.P.	277	277	1989	Anglo United 9 1/2% Deb. 1999	1180	-2
160	F.P.	277	277	1989	Anglo United 9 1/2% Deb. 1999	1180	-2
180	F.P.	277	277	1989	Anglo United 9 1/2% Deb. 1999	1180	-2
200	F.P.	277	277	1989	Anglo United 9 1/2% Deb. 1999	1180	-2
220	F.P.	277	277	1989	Anglo United 9 1/2% Deb. 1999	1180	-2
240	F.P.	277	277	1989	Anglo United 9 1/2% Deb. 1999	1180	-2
260	F.P.	277	277	1989	Anglo United 9 1/2% Deb. 1999	1180	-2
280	F.P.	277	277	1989	Anglo United 9 1/2% Deb. 1999	1180	-2
300	F.P.	277	277	1989	Anglo United 9 1/2% Deb. 1999	1180	-2

Code	Share Price	Amount Paid	Latest Issue	1989	Stock	Closing Price	+/-
30	Nil	Nil	Nil	1989	Abbey National 10p	147	-4
65	Nil	Nil	Nil	1989	Abbey National 10p	147	-4
125	F.P.	125	125	1989	Abbey National 10p	147	-4
185	F.P.	185	185	1989	Abbey National 10p	147	-4
245	F.P.	245	245	1989	Abbey National 10p	147	-4
305	F.P.	305	305	1989	Abbey National 10p	147	-4
365	F.P.	365	365	1989	Abbey National 10p	147	-4
425	F.P.	425	425	1989	Abbey National 10p	147	-4
485	F.P.	485	485	1989	Abbey National 10p	147	-4
545	F.P.	545	545	1989	Abbey National 10p	147	-4
605	F.P.	605	605	1989	Abbey National 10p	147	-4

IRELAND

The Financial Times proposes to publish this survey on:

August 25th 1989

For a full editorial synopsis and advertisement details, please contact:

Gillian King
on 01-873 4823
or write to her at:
Number One
Southwest Bridge
London SE1 9HL

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MARKET STATISTICS

BANK RETURN table showing liabilities and assets for Wednesday July 19, 1989.

EUROPEAN OPTIONS EXCHANGE table with columns for Series, Jul 89, Aug 89, Sep 89, and Stock.

ECONOMIC DIARY text covering parliamentary elections in Hungary, World Bank President, and other news.

Table with columns for Jul 89, Aug 89, and Sep 89, listing various financial data points.

THURSDAY: The Department of Energy issues energy trend figures for May. US gives quarterly house purchase figures.

BASE LENDING RATES table listing various banks and their respective rates.

INTERNATIONAL RESIDENTIAL PROPERTY ADVERTISING text with contact information.

Members of British Merchant Banking & Securities Houses Association.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries.

Large table of FT-Actuaries Share Indices for Friday July 21 1989, including Equity Groups & Sub-sections and Fixed Interest.

Table of Average Gross Redemption Yields for various fixed interest instruments.

Additional market data and notes related to the share indices.

Large advertisement for 'THE DEPARTMENT OF TRADE AND INDUSTRY SHOULD PUBLISH THE INSPECTORS' REPORT ON THE HOUSE OF FRASER TAKEOVER NOW'.

Large advertisement for 'EXPERT ADVICE ON THE STOCK MARKET FREE FOR 4 WEEKS' with a line graph and subscription details.

INTERNATIONAL COMPANIES AND FINANCE

Elders IXL reveals 4.7% holding in Kerr-McGee

By Chris Sherwell in Sydney

ELDERS IXL, the Australian-based international brewing and agribusiness conglomerate, yesterday confirmed it had built up a 4.7 per cent stake in Kerr-McGee, the US oil and gas explorer and producer.



John Elliot, over specialist, and is said to be an expert in the energy field.

Good sales fail to buoy Zenith

By Karen Zagor in New York

ZENITH Electronics, the last US-owned maker of televisions, yesterday reported a second-quarter loss in spite of reasonable growth in sales.

The company attributed its disappointing second quarter to the strong dollar, higher interest expenses and lower margins on computer product sales. Zenith had expected the dollar to weaken in 1989.

Firm lending growth lifts Royal Trustco

By Robert Gibbens in Montreal

ROYAL TRUSTCO, one of Canada's largest trust and financial services groups, posted an 18 per cent gain in first-half earnings with continued strong growth in domestic personal deposits and lending.

Corporate assets at June 30 were C\$2.9bn compared with C\$2.5bn and total assets under administration were C\$1.06bn, up 33 per cent from C\$1.3bn.

High costs force dip in earnings at Caterpillar

By Roderick Oram in New York

CATERPILLAR, the world's largest producer of earth moving equipment, has reported a dip in second-quarter earnings, with higher costs and an unfavourable product mix preventing it from matching a healthy sales increase.

Shares in USAir climb on takeover speculation

By Karen Zagor

SHARES in USAir Group, the mid-sized parent of Piedmont and USAir airlines, continued to climb yesterday as the group became the latest candidate for acquisition in an industry rife with takeovers and rumours this year.

At midday the company's stock was up 1/4, at \$50 1/4, on the New York Stock Exchange. The 1989 high for USAir stock was \$40 1/4.

Bancaire in UK leasing acquisition

By George Graham in Paris

COMPAGNIE Bancaire, the French financial services group, has expanded its UK presence with the acquisition of Humberclyde Investment, an unlisted leasing company.

Arthur Andersen settles suits

By Roderick Oram

ARTHUR ANDERSEN, the leading accountancy and consulting group, has settled lawsuits it initiated last autumn after a group of its management information consultants left to form their own firm, backed by Saatchi & Saatchi, the advertising and services group.

The three firms said yesterday the suits were dismissed "without any admission or finding by any party."

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WORLD COMMODITIES PRICES

Table containing various commodity price lists including: WEEKLY PRICE CHANGES, COCOA, COPPER, CRUDE OIL, GOLD, LONDON METAL EXCHANGE, LONDON BULLION MARKET, NEW YORK, POTATOES, SOYABEAN, SUGAR, WHEAT, and various oil and metal prices.

Handwritten Arabic text: هكذا من الجاهل

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Short covering boosts dollar

THE DOLLAR finished yesterday towards its best level of the day on late short covering. The US unit was marked down in early trading after intervention in Tokyo by the Bank of Japan, estimated at \$20m.

The desire to avoid a recession appears to have the upper hand, but the US Federal Reserve is likely to move cautiously on lowering rates, and yesterday's downward push on the dollar was probably a little premature.

other major currencies and also by the Government's determination to keep rates relatively high as a means of bearing down on inflation. Sterling fell to \$1.6210 from \$1.6270 and DM3.0900 from DM3.0925. It was unchanged against the yen at ¥230.00 but slipped elsewhere to SFR2.5675 from SFR2.5700 and FF10.4760 from FF10.4900.

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GRANVILLE

SPONSORED SECURITIES

Table with columns: High, Low, Company, Price, Change, % Change, Dividend, Yield, P/E. Lists various securities like Am. Intl. Ind. Crd., Am. Intl. Ind. Crd., etc.

Granville & Co. Ltd. 1 Level Lane, London EC1R 4BP. Telephone 01-431 1212. Member of the Stock Exchange & IFA.

I.G. INDEX LTD, 9-11 GROSVENOR GARDENS, LONDON SW1W 0DB. Tel: 01-828 7233/5699. An AFB member. Reuters Code: IGIN, IGIO.

Prices taken at 5pm and change is from previous close at 9pm.

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IRELAND

The Financial Times proposes to publish a Survey on the above on

25th August 1989

For a full editorial synopsis and advertisement details, please contact:

GILLIAN KING on 01-873 4823 or write to her at:

Number One, Southwark Bridge London SE1 9HL.

FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

LEGAL NOTICES

No. 803716 of 1989. IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION. IN THE MATTER OF PETROCOIN GROUP PLC AND IN THE MATTER OF THE COMPANIES ACT 1985.

NOTICE IS HEREBY GIVEN that a Petition was presented to Her Majesty's High Court of Justice on 23rd June 1989 for the confirmation of the cancellation of the Share Premium Account of the above-named Company.

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said cancellation of the Share Premium Account should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undersigned Solicitors on payment of the regulated charge for the same.

DATED the 22nd day of July 1989. LINKLATER & PAINES, (A Firm) Solicitors for the above-named Company.

No. 803716 of 1989. IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION. IN THE MATTER OF U.S.L. PUBLIC LIMITED COMPANY AND IN THE MATTER OF THE COMPANIES ACT 1985.

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 10th July 1989 sanctioning the cancellation of the amount of £4,524,268 standing to the credit of the Share Premium Account of the above-named Company was registered by the Registrar of Companies on 13th July 1989.

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said cancellation of the Share Premium Account should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undersigned Solicitors on payment of the regulated charge for the same.

DATED the 22nd day of July 1989. Herbert Smith, Watling House, 15, Abchurch Lane, London EC4A 3DF. Solicitors for the above-named company.

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WORLD STOCK MARKETS

NEW YORK (Spm)

Table of New York stock market data including DOW JONES, NYSE, and NASDAQ indices for July 21, 1989.

July 21 US\$

Table of US stock market data for July 21, 1989, listing various companies and their stock prices.

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INDICES

Table of various stock market indices for July 21, 1989.

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CANADA

Table of Canadian stock market data for July 21, 1989.

NEW YORK

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NEW YORK ACTIVE STOCKS

Table of active New York stock market data for July 21, 1989.

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WORLD STOCK MARKETS

Foreigners put icing on the Viennese cake

Judy Dempsey on the fundamental factors driving one of the world's top performers

AMERICA
Dow drifts in quiet trade as investors remain wary

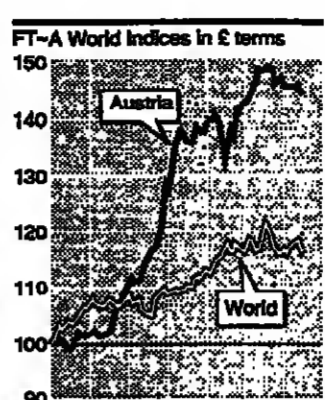
Wall Street
THE RALLY which briefly pushed equity prices to new highs on Thursday showed signs of running out of steam in the early session, as prices drifted in quiet trading on Wall Street, writes Anatole Kalesky in New York.
Investors still seemed somewhat shell-shocked by the sell-off on Thursday, when the market fell sharply just after broad price indices, including the Standard & Poor's 500, touched new highs. As a result, trading was very subdued and most price indices within narrow ranges around their overnight levels.
The Dow Jones Industrial Average at 2 pm was up 7.02 at 2,533.51. The broader S&P 500, which drew attention on Thursday when it exceeded its 1987 high of 336.77, was 0.38 up at 333.64. Declining issues outnumbered advances by about four to three.
The morning's trading volume of 98m shares was significantly below the July stock options expiration volume, as opposed to options-related trading, was described by brokers as moderate to low.
The bond market failed to give any kind of lead to equity investors as the implications of Thursday's ambiguous testimony to Congress by Mr Alan Greenspan, the chairman of the Federal Reserve.
While Federal funds drifted marginally downwards to trade throughout the morning in a range of 9 1/2 to 9 3/4 per cent, analysts were uncertain whether or not the Fed had shaved its interest rate target downwards by 1/4 of a percentage point. The Treasury's long bond fell 1/8 to 108 1/4 in bid and its yield rose marginally to 8.14 per cent.
Blue chip stocks were mostly higher, while secondary stocks tended to do less well. IBM Motors was 4 1/2 up to \$44 and Coca-Cola advanced 3/4 to \$61.
A number of companies which announced quarterly results, however, were marked lower. Caterpillar fell 3 1/4 to \$63 1/2 in heavy trading after announcing a profits decline.

Zenith Electronics retreated \$1 to \$174, also on disappointing results. Mentor Graphics fell 3 3/4 to \$34 1/2, in spite of good earnings figures, after suggesting late on Thursday that it would face "a challenge" sustaining its good results in the coming months.
On the positive side, there was a 3 1/2% jump in Campbell Soup to \$58 1/2. The company told the New York Stock Exchange that it knew of no reason for the active trading in its shares. Honeywell advanced \$2 to \$65 1/2 after a press report that it was still considering restructuring moves. USAir rose \$1 to \$60 1/2, responding to Thursday's news of a big stake held by Steinhilber Partners.

Canada
TRADING calmed down after the previous day's sharp rise and Toronto share prices posted modest gains by mid-session yesterday. The composite index added 4.8 to 3,861.0 on volume of 12.5m.
Golds were steady to higher, with Hemlo up C\$4 to C\$16 1/2, American Barrick unchanged at C\$14.

WHEN Mr Gerhard Wagner, President of the Vienna Stock Exchange, delivers his half-yearly bourse report next week, he may well exude enthusiasm — a trait he tends to conceal, or at least keep for special occasions.
He has good reason to be pleased. Vienna's once sleepy bourse has not only remained alert over the past year; it has been one of the best performing markets in the world.
By the end of June, the share index had risen 45.6 per cent since the end of 1988, compared with London (20.4 per cent), New York (14.4 per cent) and Frankfurt (11.5 per cent).
This time last year, the Vienna share index stood at 315.23. At the close of 1988, it had settled at 268.33. This is down on the all-time high of 288.74 reached on June 21, but the decrease was expected, given the summer lull in trading. Total turnover for the first six months reached \$42,064,500, compared with last year's total annual turnover of \$24,358m.
This phenomenon has as much to do with the domestic climate in Vienna as with renewed foreign interest. Austria's economy is now in good shape. Last month, Mr Ferdinand Lecomte, the Finance Minister, submitted a budget forecast to the Cabinet in which he expected the current economic upswing to continue beyond

1989. In real terms, Austria's gross domestic product would grow by an annual 2.5 per cent and consumer prices rise an annual average of 3 per cent. Unemployment would drop below the 5 per cent mark.
The healthy economic outlook has been reflected in recent company results, particularly in the construction and chemical industries. According to a report by Girozentrale Bank, share prices have improved by 40 per cent since the beginning of the year, while profit growth for 1989 is expected to reach 18 per cent.
In addition, Viennese bankers believe the application by the socialist-led coalition Government for membership of the European Community at last, will provide incentives for Austrian businesses to restructure and orientate themselves more towards EC countries. Already, companies such as Montana, the successful chemicals and financial services group, and Wieselhuber, the construction company, have invested in western Europe, partly in anticipation of the single European market in 1992.
More importantly, however, bankers believe that foreigners will start taking a much closer look at Austria. Interest was already obvious on the bourse this year, although this is not the first time that foreign investors have come to Vienna.
Back in 1985, foreigners flooded into Vienna. The prob-



leasant news was that the three big banks in Austria were not prepared to take risks. They sold, but they rarely bought back. In fact, there was little genuine trading and, as a result, disappointed investors withdrew.
This time round, having learned from the mistakes of 1985, Austrian banks and institutional investors are really trading — a good sign for the foreign investor. In the first four months of the year, foreigners contributed to 40 per cent of total turnover in share trading, or about \$2.5bn.
The brisker trading has also been helped by the fact that there are more listings. This is due largely to the Government's privatisation policy, which, combined with the radical tax reform introduced earlier this year, is slowly wooing cautious Austrians away from the savings banks into investments in stocks and shares.
Such circumstances have helped to make the exchange more lively for both domestic and foreign investors. But the big question is: will the boom continue?
Bankers are cautiously optimistic. "For the moment, the market is still bullish," says Mr Walter Schuster, capital markets financing analyst at Girozentrale. "There is a very low probability that the index will slip down to 300. Maybe it will go down a further five or 10 points. But really, I do not expect the market to take a nosedive."
His confidence seems to be justified by two significant developments due to take place in the autumn. The first is a clutch of new stocks to be listed on the bourse, including the EVN utilities company, with a capital value of \$1.5bn, and a probable second tranche from OeMV, the oil and petrochemicals group, which now seems firmly out of the doldrums following its disappointing performance when it was first listed on the bourse in October 1987.
The second development, which is almost certain to consolidate foreign interest, is the launch of the Austria Fund, an idea first mooted some time ago by Alliance Capital, the New York-based institutional investors' firm.
The fund, which will be backed by, among others, Salomon Brothers, Dresdner Bank and Daiwa Securities, and which requires a minimum start-up capital of \$60m and a base of 2,000 investors, is designed to heighten awareness of the Austrian market.
"This market was undervalued," say foreign traders. They also reckon that the fund, the first of its kind in which Austrian shares will be listed in New York — as well as in, for example, Frankfurt and London — will "tell a story about Austria."
The fund is expected to comprise 25 per cent of unlisted securities, 60 per cent of listed securities and the remainder of government bonds. Both Creditanstalt-Bankverein and Girozentrale, Austria's two leading banks, will play a key role.
So far, the response to the fund from Viennese traders has been fairly warm. They seem to be confident that the Vienna bourse is finally making a name for itself, however small, among international investors.
Viennese bankers stress as significant factors Austria's recent economic performance, its location at a crossroads between East and West and its application to join the European Community. As one says: "Austria is more than cakes and the Salzburg Festival."

EUROPE
Corporate interest gives leading bourses a boost

A FAIR helping of corporate news helped send leading bourses higher, but some suffered from profit-taking, writes Our Markets Staff, Brussels.
FRANKFURT bounced back from a lower opening to hit year's highs for the third day running. Optimism — encouraged by the testimony on Thursday of the US Federal Reserve chairman — continued to grow that American interest rates might fall and the D-Mark remain strong.
The DAX index moved up 4.58 to 1,555.40 and the FAZ index rose 3.77 to 638.98 — a gain over the week of 1.4 per cent. Turnover was active, but not as heavy as on Thursday, at DM5.8m.
Car makers, which had good first-half registration figures this week, and financial issues again led rises. Daimler, which has yet to announce the price of its rights issue, picked up DM10 to DM71.
Deutsche Bank gained DM11 to DM625, there was a rumour that it had sold its 25.08 per cent holding in retailer Karstadt, which, trading ex a DM9 dividend, rose DM2.50 to DM627. Allianz, the insurer, was DM9 higher at DM2,175 after reporting a slight rise in 1988 group profits, in line with expectations.
Continental, the tyre maker, gained DM1.50 to DM327.20 in active turnover. A rumour surfaced that it would sign a co-operation agreement with Pirelli of Italy.
Demand continued to be slack for steel and engineering companies, which are making cautious profits forecasts in spite of good performances by their leading customers, the car, construction and ship industries.
"Prices [of steels] are depressed because companies are talking down their own prospects, which is more to do with the forthcoming wage negotiations than with underlying fundamentals," said Mr Angus McNeillage, head of sales at James Capel.
Recent three-year wage contract with the metalworkers' union expires in March. Hoesch eased DM2.80 to DM233 yesterday, while Thyssen edged up DM1.80 to DM233.80.
PARIS had a busy session on the last day of the account. Turnover rose from FF2.14bn to about FF2.52bn and dealers observed that trading was frantic towards the end of the day. Prices closed mostly higher, with gains in special interest stocks offsetting profit-taking.
The CAC 40 index rose by 7.95 to 1,781.65 — a gain of 1.5 per cent since last week; while the OMF 50 shed 0.7 to 503.67, against 500.86 last week.
Peugeot rose FF17 to FF1,532 in high volume, before a share split which will bring the price below FF1,000 on Monday. Eurofium slipped again on what one dealer described as huge volume of about 3.5m shares, dropping another FF4.20 to FF102.90 on worries about costs, financing delays on the cross-Channel project and a possible management shake-up.
Elsewhere, Compagnie Bancaire rose FF3 to FF588 on positive reaction to its FF1.1bn acquisition of the UK leasing group, Humbercycle. Elf Aquitaine closed FF6 stronger at FF908, after extending its \$1.6bn bid for the US company, Pennwalt.
AMSTERDAM continued its steady advance, with the underlying tone remaining positive. The CBS tendency index added 0.2 to 199.7, nudging closer to its all-time high of 199.9. The index advanced a healthy 3.5 per cent during the week.
Volume, at a heavy FF19.8m after recent levels of between FF1.60m and FF1.70m, was swelled by the expiry of July contracts on the options market, a Dutch analyst said.
Prices rose 60 cents to FF11.20, its highest level in the past 12 months, after a newspaper, a Dutch analyst said.
In the absence of any fresh features, the Johannesburg market ended steady. Gold shares firmed slightly as the bullion price held above \$370.

per interview with Mr Cornelius van der Kluit, company chairman, in which the group's restructuring plans were already helping to lift profits.
Ahold, the retailer, closed up FL1.10 to FL126.10, boosted by that unions had agreed to a management buy-out of its AC restaurants subsidiary. Ahold said in May it wanted to sell the 30 AC restaurants to concentrate on core activities.
ZURICH closed near its day's high, with the market ignoring the overnight decline in Wall Street and yesterday's options expiry. Volume was moderate and the Credit Suisse index gained 3 to 633.1.
MADRID closed unchanged after a mixed session. Among individual stocks, Thursday's Wall Street beneficiaries reacted to profit-taking in the US and gave up some of their gains. The provisional general index closed 0.03 points lower at 804.59, against 804.07 at this time last week.
Of the three Wall Street-quoted stocks, Endesa lost 1.75 percentage points to 281.25 per cent of par value, Telefonica dropped by 1.50 to 136 and Repsol was down 0.75 to 442.50.
MILAN saw the recent spell of profit-taking continue, with most share prices declining as turnover slumped a little. Montedison, the chemical stock, again advanced against the trend, adding L31 to L2,492, and Olivetti picked up L50 to L9,490 after falling earlier this week on news of its rights issue. The Comit index rose 2.56, to finish close to last Friday's level at 677.06.
OSLO investors became nervous of pushing the all-share index to a record high at the end of the week and most shares eased, crown or two by the close. The index fell 0.87 to 314.35, a 0.5 per cent retreat on last Friday's close.
STOCKHOLM regained most of its morning losses to finish the week nearly unchanged in cautious trading. The Allshare index rose 1.5 to 1,279.8, a rise of 0.6 per cent on the week.

ASIA PACIFIC
Nikkei rises as demand from funds floods in
Tokyo
INVESTORS were timid initially on the last day of trading before the national election and the session began with a sluggish tone, but a flood of later buying from index-linked investment trusts led share prices higher, writes Michio Nakamoto in Tokyo.
The Nikkei average climbed 294.56 to 83,899.43. The day's high was 83,971.46, while the low was 83,619.33. Index-linked buying on a wide range saw advancing stocks far outnumber declining ones at 528 to 307, while 230 issues were unchanged.
Turnover saw a further improvement to 536m shares from Thursday's 488m. The Topix index of all listed shares posted a strong gain of 23.65 to 2,533.06 and the ISE/Nikkei 50 index rose 3.02 to 2,631.65.
Investors were at first somewhat wary of taking an active part in the market on the last trading day before Sunday's election to the Upper House of the Diet (Parliament) which is widely expected to deal a severe blow to the ruling Liberal Democratic Party (LDP).
The lack of selling had been evident in morning trading, however, convinced investors that those who had shares to sell had already sold them and strengthened a conviction that the market would recover after the election.
Investors were also beginning to feel that the gloomy forecasts for the LDP had been discounted. "I think the market will be quite strong (after the election)," said Mr Shinji Yokoyama, at Credit Suisse Investment Advisory.
Investment trust funds worth about ¥200bn were said to be launched yesterday. Particular strength was seen in financial issues that were selected by funds linked to the Topix index, which is weighted by market value. The Industrial Bank of Japan, for example, surged ¥110 to ¥4,750 and Mitsubishi Bank gained ¥80 to ¥3,360.
Receding fears of inflation in the US also triggered interest in financials.
Heavy capitalisation steels and shipbuilders were also actively selected and posted strong gains. Mitsubishi Heavy Industries, first on the active list, with 2.1m shares, advanced ¥20 to ¥1,920. Nippon Steel followed with 16.1m shares and also rose ¥20 to ¥964.
The gains reflected expectations that these issues would see greater activity once the election was over, analysts said. Toshiba was another large-volume stock which had been recommended by dealers, although with limited success. It was listed on the volume list with 12.4m shares and gained ¥30 to ¥1,490.
Index-linked buying in Osaka supported a 60.10 point rise in the OSE average to 33,042.15.
Roundup
A MIXED day in the Asia Pacific region saw property issues lead Hong Kong sharply lower while in Australia the index rose above a key level.
HONG KONG had its steepest slide in a month. Profit-taking was fed by rumours that there were only three bidders in yesterday's closely-watched government land tender, and the Hang Seng index dropped 47.34 points to 2,435.74. Turnover slumped to HK\$43m from Thursday's HK\$1.42bn.
Property shares were hardest hit by concern over the land tender, which involves the last prime parcel of downtown property expected to be available until 1997.
After the close, the Government announced that five offers had been received, slightly below expectations.
AUSTRALIA closed above the 1,600 level on the All Ordinaries index, seen as a new base for the market, as a fall in the Australian dollar attracted overseas and domestic buying to the gold sector. A strong performance by the market leader, BHP, gave a boost.
The All Ordinaries Index closed 6.5 points higher at 1,603.0. BHP gained 8 cents to A\$9.56 on turnover of 3.02m shares worth A\$28.34m.
SINGAPORE saw thinner trading, attributed partly to the imminent Japanese upper house elections. Dealers were said to be wary of the possibility of the Tokyo stock market, reacting to a loss for loss for the ruling party.
The Straits Times Industrial Index weakened from the start of the day, in the wake of the lower overnight close on Wall Street.

FT-ACTUARIES WORLD INDICES
Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY JULY 20 1989					WEDNESDAY JULY 19 1989					DOLLAR INDEX	
	US Dollar	Day's Change %	Pound Sterling	Local Currency	Day's change % local currency	US Dollar	Day's Change %	Pound Sterling	Local Currency	1988 High	1989 Low	Year ago
Figures in parentheses show number of stocks per grouping												
Australia (80)	137.20	+1.7	125.03	122.08	+1.7	4.89	134.93	123.32	119.89	157.12	128.25	149.92
Austria (19)	123.38	-0.1	119.52	129.38	+0.3	4.23	131.33	120.22	120.06	137.10	125.56	114.36
Belgium (65)	146.20	+0.4	133.28	126.72	+0.2	3.20	145.86	133.35	125.41	148.20	134.67	126.50
Canada (124)	210.41	-0.1	191.73	212.05	+0.3	1.98	210.57	192.77	211.43	218.89	185.35	129.20
Denmark (36)	139.75	+0.2	127.35	126.89	+0.1	2.17	132.96	128.14	128.23	139.19	126.81	132.82
Finland (28)	125.58	+0.4	114.49	127.07	+0.4	2.36	125.09	114.51	120.61	125.96	112.57	92.70
France (127)	94.80	+0.8	86.30	93.67	+0.7	2.17	94.05	88.09	82.99	95.32	79.58	78.42
West Germany (100)	105.72	-0.2	98.54	105.66	+0.1	5.06	105.91	95.85	108.10	140.33	98.41	108.23
Italy (57)	91.84	+1.0	134.76	148.15	+1.1	2.59	148.43	134.05	148.39	151.38	125.00	144.35
Ireland (17)	178.87	+0.5	163.00	159.66	+0.4	0.90	177.48	162.48	159.23	200.11	164.22	163.99
Japan (423)	189.97	-0.2	173.71	196.18	-0.1	2.46	180.26	174.18	166.48	190.28	143.38	124.31
Malaysia (26)	263.39	+0.2	240.23	224.67	+0.1	0.70	252.79	243.67	224.04	277.04	253.39	165.63
Mexico (13)	112.58	+0.7	114.69	123.16	+0.6	1.20	122.00	114.43	122.36	125.96	110.83	106.38
Netherlands (41)	60.04	+1.5	60.17	61.28	+0.4	6.07	60.08	58.58	61.03	78.02	62.64	77.80
New Zealand (28)	189.88	-0.8	172.55	179.77	-0.4	1.49	180.61	174.67	160.45	189.39	139.92	124.31
Norway (29)	183.09	+0.7	133.09	138.09	+0.8	1.97	181.55	154.78	129.89	189.33	124.57	132.44
Singapore (26)	162.03	-0.8	163.11	151.77	-0.4	4.04	148.94	136.56	134.26	153.27	115.35	126.33
South Africa (80)	151.57	+0.2	138.12	136.90	+0.4	3.75	161.29	136.50	136.45	156.77	143.14	148.04
Spain (43)	178.19	+0.2	182.39	171.20	+0.8	2.01	177.80	162.77	170.63	178.19	136.45	119.07
Sweden (35)	85.57	+0.4	77.97	87.05	+0.1	2.20	82.71	78.01	87.01	87.15	81.15	81.15
Switzerland (53)	154.16	+0.2	140.43	149.43	+0.0	4.18	153.44	140.47	149.47	154.10	135.26	134.30
United Kingdom (311)	135.58	-0.5	123.82	135.28	-0.6	3.31	136.69	125.13	136.09	136.89	112.13	108.75
USA (565)	127.17	+0.5	115.89	121.24	+0.2	3.40	128.60	115.90	120.95	127.17	112.88	108.79
Europe (1006)	171.28	+0.0	158.09	168.76	+0.2	1.76	171.29	156.80	160.41	174.42	137.95	115.04
Nordic (122)	174.31	+0.3	159.02	166.37	+0.4	0.73	173.13	158.49	165.70	194.72	160.44	161.24
Pacific Basin (673)	91.54	+0.7	141.80	142.94	+0.4	1.62	151.96	141.59	141.73	167.22	111.59	130.48
Asia-Pacific (1678)	156.71	-0.5	134.29	135.28	-0.5	3.31	167.13	128.53	136.29	167.13	112.78	108.70
North America (678)	136.40	+0.5	100.49	109.41	+0.4	2.89	108.76	100.48	108.83	110.42	98.30	88.72
Europe Ex. UK (694)	122.23	+0.9	111.38	112.43	+0.8	4.08	121.18	110.84	111.48	111.93	111.93	128.09
Pacific Ex. Japan (728)	155.35	+0.7	141.58	141.92	+0.4	1.59	154.36	141.30	141.28	162.31	141.49	138.62
World Ex. US (1875)	147.87	+0.2	139.60	139.71	+0.0	4.02	148.40	134.02	136.65	147.10	134.08	128.56
World Ex. UK (2119)	146.79	+0.2	134.29	139.80	+0.0	2.21	147.00	134.67	139.74	147.44	136.67	127.24
World Ex. So. Afr. (1975)	132.69	-0.1	120.62	129.60	-0.2	3.40	132.77	121.54	128.87	132.77	114.51	108.82
The World Index (2430)	147.36	+0.2	134.28	139.75	+0.0	2.28	147.01	134.58	139.70	147.47	136.68	127.23

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Latest prices were unavailable for this edition.
Government change 21/7/88: Name change: Novo Industri to Novo-Nordisk (Denmark)

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LONDON STOCK EXCHANGE

Equity market lower in quiet trading

London's equity market remained firmly in minus territory yesterday as a combination of events disturbed the recent trend of bullish performance.

Account Dealing Dates table with columns for dates and descriptions.

And this was despite what analysts had described as encouraging news from Mr Alan Greenspan, the Fed chairman, in his congressional testimony.

market aggressively, we rate equities a hold for the moment. Warburg Securities had this week commented "With the FTSE up 6.6 per cent so far this month, the market is discounting more bids and improved fundamentals but longer term, positive cash flow helps underpin our year-end target of 2,400."

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FINANCIAL TIMES STOCK INDICES table with columns for various indices like Government Securities, FT-SE 100, etc.

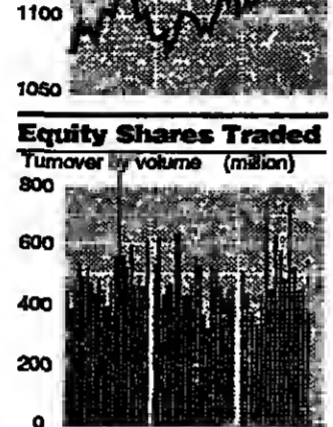
Oil assets may be shared

Enterprise Oil, the highly-rated UK exploration and production group, was among the market's major casualties after surprise news that the UK Appeal Court had upheld the pre-emption rights argument of British Gas and Amerasia Hess regarding Enterprise's proposed purchase of Texas Eastern's North Sea oil assets.

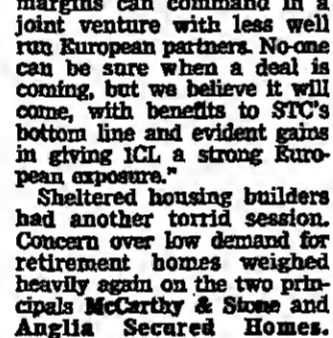
STC possibilities

Electronics group STC was a firm market amid widespread speculation of either a bid from Plessey or some sort of corporate deal over ICL. STC's main-frame manufacturing subsidiary, With buying ahead of next week's interims (the market rose £110m to £115m), STC closed 7 higher at 391p on turnover of 2.3m shares.

FT-A All-Share Index



Equity Shares Traded



Leaders and Laggards

Table listing percentage changes since December 30 1988 for various sectors like Food Retailing, Chemicals, etc.

Benchmark Government Bonds

Table showing coupon, red date, price, change, yield, week ago, and month ago for UK Gilts, US Treasury, etc.

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TRADING VOLUME IN MAJOR STOCKS

Table showing trading volume for various stocks like British Petroleum, Shell, etc.

NEW HIGHS AND LOWS FOR 1989

Table listing new highs and lows for various sectors like Chemicals, Food, etc.

RISES AND FALLS

Table showing rises and falls for various sectors like British Funds, Chemicals, etc.

COMMODITIES

Highland Valley copper mine, the country's biggest, remained on strike following their failure to reach agreement with the management on a new labour contract.

WEEK IN THE MARKETS

Aluminium leads lack-lustre show

ALUMINIUM TURNED in the strongest performance in a lack-lustre base metals market last week. The long decline in the metal's value continued on Monday, taking the cash price in the London Metal Exchange down to \$1,660.50 a tonne, the lowest level since...

APPOINTMENTS

of BRISTOL STREET MOTORS (SHERWOOD). He has been with B.S.G. International for 20 years. Mr Hugh Stewart, former chief executive of Westland Group, has been appointed interim chief executive of AARON & PARTNERS, Chester.

Money Brokers' Association

THE MONEY BROKERS' ASSOCIATION has been formed to represent the interests of companies acting as intermediaries in stockbroking and lending. Mr Patrick Mitford-Slade (Cashmore Money Brokers) has been elected chairman and Mr Graham Kennedy (James Capel Moneybroking) deputy chairman.

COMMODITIES

Highland Valley copper mine, the country's biggest, remained on strike following their failure to reach agreement with the management on a new labour contract. In Papua New Guinea the Bougainville mine remained closed because of a sabotage campaign by rebel landowners seeking heavy compensation from the mining company.

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Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2129

Main table containing unit trust information with columns for company name, unit price, and other financial details. Includes sections for 'OTHER UK UNIT TRUSTS' and 'INSURANCES'.

OTHER UK UNIT TRUSTS

Table listing various UK unit trusts such as British American, City of Edinburgh, and others, with their respective unit prices and details.

INSURANCES

Table listing insurance companies and their unit prices, including AA Friendly Society, Abbey Life Assurance Co Ltd, and others.

Continued on next page

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Main table containing unit trust information with columns for Fund Name, Price, Yield, and other financial metrics. Includes sub-sections for 'MANAGEMENT SERVICES' and 'OFFSHORE AND OVERSEAS'.

OFFSHORE AND OVERSEAS

GUERNSEY (ISD RECOGNISED)

MANAGEMENT SERVICES

GUERNSEY (ISD RECOGNISED)

LUXEMBOURG (ISD RECOGNISED)

GUERNSEY (ISD RECOGNISED)

GUERNSEY (ISD RECOGNISED)

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Table of unit trust prices for various funds, including Royal Bank of Canada Funds, Sun Life of Canada, and others. Includes sub-sections for 'JERSEY (ISD RECOGNISED)', 'GUERNSEY (ISD RECOGNISED)', and 'SWITZERLAND (ISD RECOGNISED)'.

FT UNIT TRUST INFORMATION SERVICE

Table of FT Unit Trust Information Service, listing various unit trusts such as EquiThink International Asset Ltd, Warburg Investment Management Jersey Ltd, and others, with columns for Name, Price, and Yield.

LONDON SHARE SERVICE

Table of London Share Service, divided into sections: BRITISH FUNDS, COMMONWEALTH & AFRICAN LOANS, FOREIGN BONDS & RAILS, AMERICANS, INT. BANK AND O'SEAS, CORPORATION LOANS, and Money Market Bank Accounts.

Money Market Trust Funds

Table of Money Market Trust Funds, listing various trust funds and their performance metrics.

LONDON SHARE SERVICE

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AMERICANS - Contd

Table listing American stocks with columns for Stock, Price, Bid, Offer, and P/E ratio.

BUILDING, TIMBER, ROADS

Table listing stocks in the Building, Timber, and Roads sectors.

DRAPERY AND STORES - Contd

Table listing stocks in the Drapery and Stores sector.

ENGINEERING - Contd

Table listing stocks in the Engineering sector.

INDUSTRIALS (Misc.) - Contd

Table listing miscellaneous industrial stocks.

INDUSTRIALS (Misc.) - Contd

Table listing miscellaneous industrial stocks (continued).

CANADIANS

Table listing Canadian stocks.

ELECTRICALS

Table listing electrical stocks.

FOOD, GROCERIES, ETC

Table listing stocks in the Food, Groceries, etc. sector.

HOTELS AND CATERERS

Table listing stocks in the Hotels and Caterers sector.

INDUSTRIALS (Misc.)

Table listing miscellaneous industrial stocks.

INSURANCES

Table listing insurance stocks.

BANKS, HP & LEASING

Table listing stocks in the Banks, HP & Leasing sector.

CHEMICALS, PLASTICS

Table listing stocks in the Chemicals and Plastics sector.

DRAPERY AND STORES

Table listing stocks in the Drapery and Stores sector.

INDUSTRIALS (Misc.)

Table listing miscellaneous industrial stocks.

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INSURANCES

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BEERS, WINES & SPIRITS

Table listing stocks in the Beers, Wines & Spirits sector.

BUILDING, TIMBER, ROADS

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INSURANCES - Contd

Table of insurance companies including Aviva, British American, and others, with columns for stock price, high, low, and volume.

LEISURE

Table of leisure companies including British Airways, British Telecom, and others.

COMMERCIAL VEHICLES

Table of commercial vehicle companies including Ford, Renault, and others.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publishing companies including News International, Newsprint, and others.

PAPER, PRINTING, ADVERTISING

Table of paper, printing, and advertising companies including Newsprint, Newsprint, and others.

PAPER, PRINTING, ADVERTISING - Contd

Continuation of paper, printing, and advertising companies.

PROPERTY

Table of property companies including British Land, British Property, and others.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade companies including British Aerospace, British Leyland, and others.

COMMERCIAL VEHICLES

Table of commercial vehicle companies.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publishing companies.

PAPER, PRINTING, ADVERTISING

Table of paper, printing, and advertising companies.

TEXTILES

Table of textile companies including British Textiles, British Wool, and others.

TOBACCO

Table of tobacco companies including British American Tobacco, British Tobacco, and others.

TRUSTS, FINANCE, LAND - Contd

Continuation of trusts, finance, and land companies.

INVESTMENT TRUSTS

Table of investment trusts including British American Investment Trust, British Investment Trust, and others.

FINANCE, LAND, ETC

Table of finance, land, and other companies.

OIL AND GAS

Table of oil and gas companies including British Petroleum, British Gas, and others.

TRUSTS, FINANCE, LAND - Contd

Continuation of trusts, finance, and land companies.

FINANCE, LAND, ETC

Table of finance, land, and other companies.

OIL AND GAS

Table of oil and gas companies.

OIL AND GAS - Contd

Continuation of oil and gas companies.

OVERSEAS TRADERS

Table of overseas traders including British Overseas Airways, British Overseas Airways, and others.

PLANTATIONS

Table of plantation companies including British Plantations, British Plantations, and others.

TEAS

Table of tea companies including British Tea, British Tea, and others.

MINES

Table of mining companies including British Mining, British Mining, and others.

MINES - Contd

Continuation of mining companies.

MISCELLANEOUS

Table of miscellaneous companies including British Miscellaneous, British Miscellaneous, and others.

THIRD MARKET

Table of third market companies including British Third Market, British Third Market, and others.

DIAMOND AND PLATINUM

Table of diamond and platinum companies including British Diamonds, British Diamonds, and others.

CENTRAL AFRICAN

Table of central African companies including British Central African, British Central African, and others.

FINANCE

Table of finance companies including British Finance, British Finance, and others.

ANZONIANS

Table of Anzoni companies including British Anzoni, British Anzoni, and others.

REGIONAL & IRISH STOCKS

Table of regional and Irish stocks including British Regional, British Regional, and others.

IRISH

Table of Irish companies including British Irish, British Irish, and others.

TRADITIONAL OPTIONS

Table of traditional options including British Options, British Options, and others.

PROPERTY

Table of property companies including British Property, British Property, and others.

SHIPPING

Table of shipping companies including British Shipping, British Shipping, and others.

SHOES AND FLEET

Table of shoes and fleet companies including British Shoes, British Shoes, and others.

SOUTH AFRICANS

Table of South African companies including British South African, British South African, and others.

PROPERTY

Table of property companies.

OILS

Table of oil companies including British Oil, British Oil, and others.

MINES

Table of mining companies.

PROPERTY

Table of property companies.

PROPERTY

Table of property companies.

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Weekend FT

SECTION II

Weekend July 22/July 23, 1989



A game fit for members only?

FEW SPORTS, if any, have altered more radically in the past 35 years than golf. It has changed from a comparatively minor sport, confined mostly to the moneyed and upper classes, to a booming, billion-dollar, world-wide industry.

But golf today is in mortal danger of pricing itself back into a position where it could revert to its former status as the province of the wealthy and mostly elderly - a ghastly thought.

The past 35 years have witnessed many intriguing developments and many more that are sinister at best, most often rooted in gimmickry, greed and commercialism. For example, the absurd proliferation of prize money in the professional arena has pushed the amateur game further and further into obscurity, making it a mere stepping stone to its professional counterpart.

The true "career amateur", who deliberately limits his ambitions to the amateur circuit, has, like the caddy, become an endangered species.

The era has also witnessed the emergence of a new school of golf course architecture, first in the US and then elsewhere. This school might be named neo-Scottish, but it is far less attractive than the stylish, time-tested work of those "real" Scotsmen, Dr Alister Mackenzie, Donald Ross, Charles Blair Macdonald and others immediately before the First World War and then between the First and Second, perhaps the golden age of golf architecture.

Modern architects such as Robert Trent Jones, Dick Wilson, Pete Dye and Jack Nicklaus have become the - perhaps unwitting - victims of technology in the field of earth-moving equipment that allows the facile shifting of huge quantities of earth, albeit at huge expense. The older architects had none of this monstrous machinery, only mules and dishpans, so they were content to follow the contours of the beautiful tracts of land with which they worked. Consequently, their courses look far more natural than most of those produced today.

The post-war architects chose to turn golf from a game played on the ground to one played in the air. They almost eliminated the pitch and run shot by forcing

players to fly the ball high over water hazards or bunkers set directly in front of the greens. They also introduced "collars" of thick rough in front of greens at long par fours and par fives further to frustrate a shorter hitter hoping to run the ball on to the putting surface, thus disgracefully loading the dice in favour of brute strength and ignorance.

The trend, largely dictated by wealthy entrepreneurs demanding the "toughest course in the world," has been to produce more and more absurdly penal courses such as PGA West, designed and built by Pete Dye in the Palm Springs area of California, which is more like an obstacle course than a layout one might play for fun. Such courses are successful only because there is a Walter Mitty lurking in the hearts of most golfers - or perhaps golfers are just plain masochistic. Thousands feel that they have to play PGA West, the most difficult golf course in the world. Usually once is quite enough.

Most of the game's best professional players agree that the reason for the European success apparent in the past two Ryder Cup matches - previously a contest dominated by the US - has been caused by the switch from a ground to an aerial game. American players have become stereotyped by the slavish need to hit the ball high onto heavily-watered greens. They have had little or no need to learn how to run the ball low into sometimes very firm greens, or generally to improvise, because the courses on the US professional tour, compared with those in Britain and continental Europe, are so beautifully manicured.

Now more and more American club golfers are flocking to Britain and Ireland to savour the game as it used to be played on courses they have only previously seen on television during the Open Championships in July. These seaside links always allow a bewildering array of inventive and improvised shots; in fact the weather usually demands them.

To a man, these Americans love the local caddies. They love the simplicity, sometimes even the shabbiness, of the clubhouse, spoiled as they are in the US by ridiculously expensive country club

Ben Wright reports on how golf has evolved in the last 35 years and asks if all the changes have been for the good

clubhouses, the very opulence of which makes most golfers feel diffident about entering them at all. Such places frequently become milestones round the necks of the developers or members, whose average age is pushed ever higher because of the staggering expense of construction and upkeep of these huge buildings and minutely manicured courses. I have lost count of the number of luxurious country clubs I have visited throughout the US and elsewhere whose formal areas have been virtually deserted, while the men's locker rooms have been abused with laughter and good fellowship.

If caddies have largely become an endangered species, so eventually will wooden-headed clubs, submerged as they have been this past decade in a welter of high-tech metal, graphite and even ceramic clubheads. The scarcity of good persimmon has been a contributory factor, but it is equally a fact that these wooden woods - that absurd contradiction in terms - with their high-tech shafts of boron or graphite and their perimetric-weighted heads, are so forgiving of a poor hit as to be extremely attractive, even at astronomical prices.

Fibreglass and aluminum shafts came

and went during the era in question, many thousands of them becoming "very expensive pea sticks," as "Buzzer" Hadingham, then the managing director of Slazenger, once told me. But metal woods are not only here to stay, they will eventually make wooden clubs mere collector's items, as good Hickory-shafted clubs have become recently. The value of these relics is constantly being elevated by antique dealers trading them as clubhouse wall decorations. Indeed, golf memorabilia is booming as fast as any other facet of the game, old and rare books particularly being increasingly in demand.

Perhaps the greatest single development in the past 35 years in terms of British and European golf was the courageous, if too long delayed, decision in 1974 to switch from the smaller, 1.62-inch diameter golf ball to the 1.68 inch diameter version used in the US since 1952. Far too many British and Irish Ryder and Walker Cup teams were washed out during the next two years - but uncertainty over the practicality of these floatations is making the market nervous. Suppose they were postponed, or at any rate, greatly reduced in size?

According to accountants Price Waterhouse, the Government has floated companies now capitalised at £60bn, and has raised £29bn in actual cash, since 1982. Elsewhere, Abbey National will surely not be the only mutually owned financial institution to be tempted into public flotation - and it may well absorb up to £1bn of institutional cash in the space of a few months.

And to put these numbers into perspective, in Tokyo privatisation of the telephone utility NTT alone has raised some \$70bn in cash for the Japanese Government, with more to come any time the market looks healthy enough to take it.

So be a little wary of the salesman who claims that the stocks are running out. It could be that there is potentially more supply out there than either you or he would believe to be possible.

The Long View

Be wary of unscrupulous salesmen

BUY NOW while stocks last. It is part of the standard patter of the unscrupulous salesman, along with the story that prices are going up next month, and that it just so happens he can supply you with the last of a cheap line.

In securities market circles this is often supplemented with the "cash mountain" argument. Cash flow into the UK's long-term insurance companies and pension funds was some £21bn in 1988, and they were holding nearly £17bn to liquid accounts at the end of the year. So long as sterling interest rates hold at 14 per cent they may be relatively relaxed about their cash holdings. But it would be very expensive to be caught holding cash when interest rates fell. Hence there has been a tendency for the UK equity market to surge forward repeatedly this year, despite doubts about the extent of the forthcoming squeeze on corporate profits.

But the crucial factor in the UK equity market over the past year or so has not in fact been the strength of institutional cash flow - which has actually been far from buoyant in the past couple of years, partly because of pension fund contribution holidays - but the absence of substantial supply.

Whereas in 1987 the industrial and commercial company sector churned out a prodigious £13.1bn of new equity issues, and bought just £2.2bn in from the market, in 1988 these proportions were almost

reversed. Issues were some \$4.5bn while UK market purchases jumped to £11.6bn.

So far in 1989 new corporate issues have continued to be very subdued, while block-buster takeovers have failed to hit the headlines, with bids for Gateway, Consolidated Gold Fields and, perhaps, BAT Industries threatening to pour billions in cash back into institutional coffers.

This mapping-up of corporate equity is particularly unwelcome to the British institutions, given their preference for holding Ordinary shares rather than bonds. Last year the pension funds and insurance companies bought only some £2.5bn worth of corporate fixed interest securities, and they cannot be enthusiastic about the prospect of an avalanche of junk bonds appearing from the general direction of Sir James Goldsmith.

Is the behaviour of the UK corporate sector therefore developing in the same way as that of US companies? Remember that American corporations have been reducing their equity bases for several years, their enthusiasm being renewed after the October 1987 crash. Through market purchases by companies of their own stock, as well as through takeover bids, equity worth around \$100bn disappeared last year. In the past five years, one common share in six has vanished from the US markets.

It is one good explanation for the comparative strength of US share prices over the past year,



Barry Riffley

Be sceptical about claims that stocks are running out. It could be that there is more supply out there than they - or you - could believe possible

although the effect on values cannot have been as pronounced as it would have been in similar conditions in the UK. Because as it happens American investment institutions are quite happy to hold large volumes of debt securities. US pension funds often hold close to half their assets in bonds, against less than 10 per cent for the typical British

fund. So American share prices have been rising because companies (and raiders) have attached a greater value to their equity than investors have done, and these new buyers have increasingly determined market levels. But this cannot go on indefinitely. At some point, supply and demand will get back into balance.

An interesting example of how this can happen has been presented by Japan, in the aftermath of one of the greatest stock shortages of all time during the early 1980s.

Traditionally, Japanese companies have heavily used the Tokyo stock market for raising capital, preferring to use the banking system. During the 1980s and 1970s, moreover, half or more of all listed equity became locked up to corporate cross-holdings, to cement trading relationships. This created the conditions for values to be pushed up to what have seemed fanciful levels by Western standards.

However, eventually supply was stimulated. Or alternatively, believers in the Japanese corporatist conspiracy theory will argue that prices were stimulated in order to reduce the cost of planned capital raising. From a typical level of \$10bn a year in the early 1980s, corporate issues of equity and equity-related securities shot up in 1987 and 1988 to the region of \$100bn a year. Japanese banks alone raised over \$35bn of new equity, on

terms which made the likes of Citicorp or Barclays gasp. This year the pace of issuing has been hotter still, and it can be no coincidence that the Tokyo indices have gone nowhere very much.

Back in the UK, a great deal at present depends on the public sector. The water and electricity industry privatisations could absorb a lot of the institutions' flogover during the next two years - but uncertainty over the practicality of these floatations is making the market nervous. Suppose they were postponed, or at any rate, greatly reduced in size?

According to accountants Price Waterhouse, the Government has floated companies now capitalised at £60bn, and has raised £29bn in actual cash, since 1982. Elsewhere, Abbey National will surely not be the only mutually owned financial institution to be tempted into public flotation - and it may well absorb up to £1bn of institutional cash in the space of a few months.

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Association, and later the Royal and Ancient Golf Club of St Andrews.

The smaller British ball, illegal in the US, was so forgiving of poorly hit or flicked shots, and so able to penetrate even the strongest wind, that it afforded an inestimable advantage in the harsher British climate. However, the switch to the American ball was infinitely more difficult when British teams ventured abroad.

Although the two balls weigh the same - 1.62 ounces - the American ball demands a much more solid hit. If poorly hit or flicked in windy conditions, it will virtually move sideways, and go nowhere. The new, very hard, two-piece solid golf ball with its uncuttable Surlyn cover has virtually made an endangered species of the much more sensitive and more easily manipulated wound ball with its extremely lively Balata (a non-elastic, rubber-like gum) cover, which can easily be sliced clean through when mis-hit. Only golfers with phenomenal skills should nowadays even dream of playing with the Balata ball, unless they possess independent means. Most of the world's best professionals change Balata balls at least every three holes in a tournament round.

If the big ball has been the highest single factor in the upsurge of European playing standards in the past 15 years, then television was undoubtedly the greatest influence in promoting golf's current and extraordinary level of popularity. And of all the players who have strived and fretted their lives away on golf's world-wide stage, no-one has done so to more telling effect than the almost deified Arnold Palmer.

This great man, champion of the blue collar golfer, and his rivalry with fellow-American Jack Nicklaus and the diminutive South African Gary Player, was actively stage-managed by the "Big Three" then joint agent and manager, Mark McCormack. Many years after he had thrust Palmer into his shadow, Nicklaus was still being vilified for his presumption. But the latter's heroic battles against all comers in the past 25 years finally cast him in the role of hero, which he has retained in a truly global sense.

In turn, no player did more for British golf during the era in question than Tony Jacklin, the son of a Scunthorpe lorry driver, by winning the 1969 Open and 1970 US Open Championships, and by leading the European team to victory in the 1985

and 1987 Ryder Cup matches. Similarly, no player did more to encourage the growth of golf on the continent of Europe than Spain's brilliant Seve Ballesteros. Seve, the youngest of four sons of a peasant farmer, won three Open titles in 1979, 1984 and 1988 and has two US Masters green jackets to his credit.

The advent of a senior tour in America - two events in 1980 have risen to 41 this year - represents a wonderful career extension for great players, with whom the public more readily identifies than the often personality-free clones from the US college golf conveyor belt.

However, the commercialisation of the American Professional Golf Association tour apparently knows no bounds. Delta Airlines is the tour's official carrier. Royal Caribbean Cruise Lines has a "Golf Ahooy" programme hosted by tour professionals, the Marriott Hotel Corporation and the National Car Rental system are similarly affiliated. The Buick motor division of General Motors provides every player and staff member at every tournament with a courtesy car for the week. Merrill Lynch "shootouts" and MCI pro-celebrity long driving competitions precede tournament play.

Ram Golf is the exclusive distributor of the tour's clothing line. In Japan, the Dentsu Corporation distributes tour materials and handles TV coverage. Karastan Bigelow furnishes official carpet to all tournament players' clubs while Michelin sponsors the annual National Long Driving Contest televised from the Bahamas. Carrera spectacles or eye glasses are furnished under licence to players. MasterCard International, through the Maryland Bank, offers a credit card with the tour logo on it to golfers. Needless to say, the Volvo European tour is becoming commercialised in a similar manner. The Open Championship sports so many side-shows that they almost overshadow the golf.

Professional golf has certainly become big business worldwide. However, the club golfer is still the backbone of the sport, and I detect a tremendous groundswell of opinion in the US that favours a return to basics and simplicity. British and Irish style - although the disgustingly noisy and smelly motorised golf cart will probably preclude such a move. As for slow play, well, that is another story.

Finally, there remains the enormous need for beginners to the sport to be educated, both in a playing sense but also - and perhaps more important - in terms of the rules and etiquette of golf, if the game that we love is not to be irreparably harmed.

See How To Spend It, page XVII, and Ben Wright's report from Troon, page XX.

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MARKETS

FINANCE & THE FAMILY: THIS WEEK

Have they all gone mad in the City?

Share prices continue to climb on the London stock market despite a generally poor profits season and warnings over the future of the British economy. Simon Holberton urges investors to be wary of the underlying quality of the market's rise. Page 11

Abbey losers: don't spare the rod

Have you still not received your Abbey National shares? Sara Webb reports on the next steps to take, and on possible moves for compensation for those who lost out. Plus Results Data figures from Router, STC, ICI, and Lloyd's Bank are previewed by William Cochrane. Page 11

Le Mortgage is here to stay

With thoughts turning to the 1992 single market and the opening of the Channel Tunnel, more and more people are thinking about buying a second home in France. David Bernhard reports on the mortgages available, both UK and foreign. Page 11

A landmark in damage cases

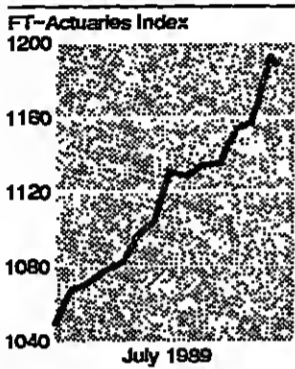
An important UK court ruling may pave a new way to pay out compensation in cases of personal injury. Eric Short reports. Page 11

It's all in the stars

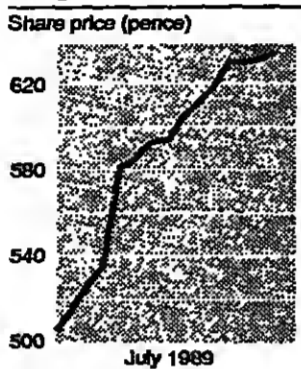
Daniel Pallant casts a horoscope for the stock market and finds Saturn waiting in the wings to bash the bulls. Page 11

BRIEFCASE: Bank wrong to destroy papers: Page 11

Life insurance



Imry



Bumpy ride for life insurers

The life insurance sector had a bumpy ride in the market this week after figures on new life and pensions business were released. Legal & General reported first with a 23 per cent increase in new business, followed by Britannic and London & Manchester. The figures boosted sentiment throughout the sector with share prices rising sharply. However, profit-taking took place on Thursday when Sun Life reported its new business figures, and stocks gave up most of the early gains. Even Paarl Assurance, which had bounded ahead on Tuesday amid talk of a bid from Australia's AMP, succumbed to the selling pressure. Patrick Harverson

Marketchief bids for Imry

Weeks of speculation ended on Monday when Stephen Wingate announced that his Marketchief consortium was making a £314m bid for property group Imry Merchant. The management of Imry, which has been in the news recently over the controversial development of the Rose Theatre site in London, immediately advised shareholders to accept the offer. The involvement of US finance house Prudential-Bache in the bidding consortium as a major shareholder caught the eye. It is the first sign that US investment capital is moving into the UK property sector, and analysts believe that other US firms could follow Pru-Bache's lead. P.H.

Critical illness policy launched

The newly-formed life company and financial services group, Pegasus Financial Holdings, is the latest company to launch a critical illness policy. However, it goes beyond the standard format of paying out in the event of the insured being diagnosed of a serious, possibly terminal, illness such as cancer, heart attack or stroke, or on death. There are two major innovations. First, it also provides permanent disability cover. Second, it provides 50 per cent of the basic level of cover (up to £10,000) if any children of the assured die or contract a serious illness. The cost of £50,000 cover for a man aged 30 who is a non-smoker is £32.96 a month. Eric Short

Move to revive mortgage market

Several mortgage lenders are giving special terms to try and revive flagging business. The biggest of all, the Halifax Building Society, is to offer first-time buyers 1 per cent off its standard interest rate, for the first year only. Bristol & West society is giving discounts for the first year only of 1 per cent for all new borrowers taking out endowment and pension mortgages, and 0.3 per cent off for repayment mortgages. TSB and the Woolwich have announced fixed rate mortgages. TSB is offering loans at a guaranteed 12.4 per cent for three years, while the Woolwich three-year rate is 12.75. John Edwards

Medical tax relief details

Tax relief on private medical insurance for people aged 60 and above comes into effect on April 6 1990. Policies which cover charges for medical treatment and surgery, nursing, physiotherapy, speech therapy, hospital accommodation, and chiropody in order to provide comprehensive care of the elderly will qualify for relief. However, policies which offer cash incentives to encourage people to use the NHS instead of a private alternative will not qualify. Sara Webb

LONDON

Why the City goes a bundle on unbundling

EVERY NOW and again, the London market finds itself in the grip of a fashionable idea. Last summer, the idea which took hold of investors, analysts and industrialists alike could be summed up in one word: brands. Prompted by the bid for Rowntree from Nestlé, the City suddenly woke up to the values hidden in names such as Kit-Kat and Polo, and companies as diverse as funeral directors and brewers were given premium ratings as a result.

A year later, the word on everyone's lips is "unbundling," a term introduced into the City's vocabulary only ten days ago when Sir James Goldsmith and his cohorts launched their £130m assault on BAT Industries. In tones not far from the sanctimonious, Sir James explained that unbundling was not asset stripping: it was a kind of liberation, designed to release the value lost within conglomerate companies for the good of all and sundry.

Moral arguments aside, what the word meant for the London market was simply: more bids. Over the last week, many big companies which can claim to be conglomerates have found themselves on the receiving end of intense takeover speculation. No matter that the actual fact of a bid seems somewhat distant: shares in companies such as Cadbury Schweppes, P & O, Scottish & Newcastle have all bounced ahead in the hope that they too will be "unbundled."

HIGHLIGHTS OF THE WEEK

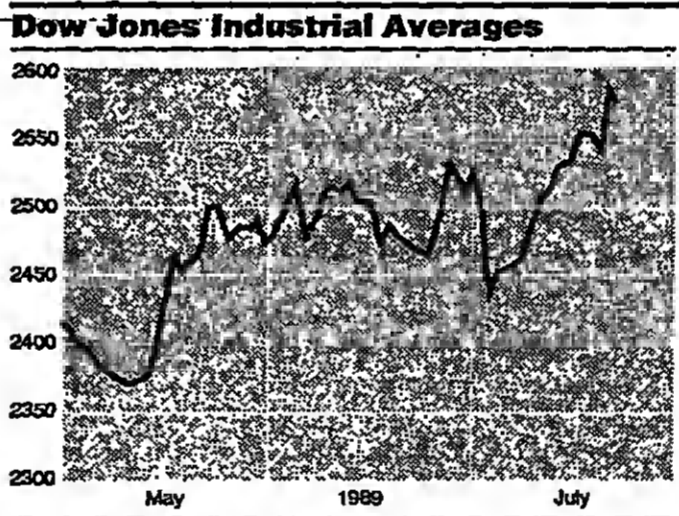
	Price y/day	Change on week	1989 High	1989 Low	
FT-SE 100 Index	2283.0	+8.3	2292.5	1782.5	Driven by bid speculation
Anglia Sec. Homes	188	-33	480	173	Worries over housing mkt. downturn
Arlington Secs	344	+31	348	152	Agreed bid from British Aerospace
Burmah Oil	657	+40	669	480	Takeover speculation
Courtaulds	361½	-20	385	263	Profit-taking after sharp rise
Croda International	228	+22	236	189	Revived bid speculation
De La Rue	338	-48	475	288	Bid hopes dented
Eurotunnel Units	953	-140	1172	376	Negative press and brokers' comment
Jaguar	406	+38	424	264	Stake-building/bid speculation
Legal & General	348	+17	359	288½	Good new Westpac/Bankers share sig.
McCarthy & Stone	187	-61	407	157	Worries over housing mkt. downturn
Myson	215	+67	235	140	Agreed £180m offer from Yale & Valor
Scottish & New	388½	+35½	448	284	Thistle Hotels sale hopes
Smethurst (R)	105	+27	130	75	Demand in this market
Warburg (SG)	383	+30	383	277	Buyer's overvalued banking activity

IT WAS entirely appropriate that Wall Street touched its pre-crash all-time high on Thursday this week, as Alan Greenspan, the chairman of the Federal Reserve Board, began his testimony to Congress on the Fed's plans for US monetary policy. It was even more appropriate that the stock market fell back sharply a few hours later, as investors considered more closely Greenspan's ambiguous but unusually revealing words.

The markets' initial reaction concentrated on the comment that "the balance of risks may have shifted somewhat away from greater inflation," a statement which was taken to mean that inflation was now clearly decelerating and that the Fed would soon be cutting interest rates again. On closer inspection, however, it was Greenspan's ambivalence and circumspection in claiming any kind of victory over inflation that was much more surprising, and therefore important.

Investors, and even Congressmen, did not require Greenspan to tell them that inflation had decelerated somewhat since he last spoke out on the subject six months ago. What Congress and Wall Street did need the Fed chairman to tell them was that he would prevent a recession from engulfing the US economy in the months ahead. This Greenspan signally, and perhaps significantly, failed to promise.

WALL STREET
Greenspan keeps them guessing



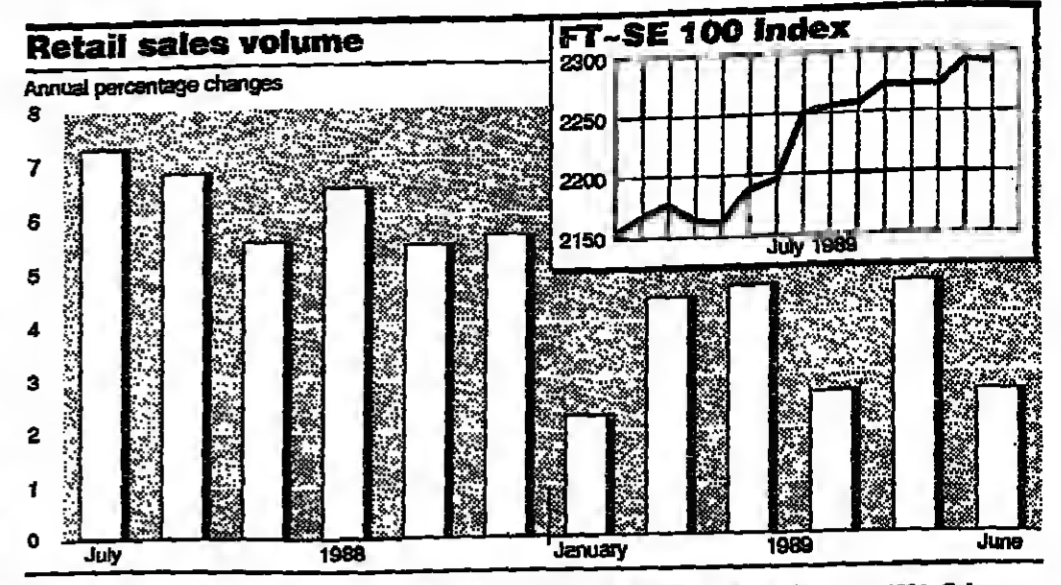
blame. "The balance we are seeking is a delicate one - I cannot rule out a policy mistake as the trigger for a downturn."

When the Federal funds rate failed to decline this week in response to the much better than expected figures on consumer prices, or to provide a favourable background for the Fed's Congressional testimony, the picture outlined by Greenspan seemed complete. The central bank was not going to ease monetary policy as rapidly as most people on Wall Street had hoped and expected. And if the consequence of caution turned out to be an economic downturn, well, that was just

too bad.

If this turns out to be an accurate description of Fed policy, then Wall Street could soon become a much gloomier place than appeared probable even a week ago. For the strongest justification for the mini bull market of the last six months was the prospect that the Fed would soon ease policy significantly, the economy would strengthen and inflation would gradually accelerate over the next year to 18 months. This would provide a second wind for the US industrial sector, which has lagged badly on Wall Street.

The stock market valuations of many US industrial



Arlington Securities for £278m and on Thursday JMB Realty Corporation of Chicago made an agreed £288m bid for Rowntree.

The offer from Anglo United for Coalite - a ramshackle collection of businesses ranging from fuel distribution to sheep-farming in the Falklands - was itself an exercise in unbundling. If, at £478m, the bid was worth rather less than the offer for BAT, it was as audacious. For Anglo, the vehicle for David McErlain, an ambitious coal-mining entrepreneur, made pre-tax profits of just £6.65m (£4.44m of which came from a stake in another company) last year, compared with the £68.5m notched up by its target.

Helped along by the bout of unbundling fever, no doubt, Anglo won all the arguments and McErlain was yesterday able to declare the bid unconditional, with 51.74 per cent backing from Coalite shareholders.

Encouraged by takeover talk and takeover action, July has been a good month for London equities. The FTSE index of 100 leading shares is up by 6½ per cent over the period and - yesterday's bout of profit-taking notwithstanding - has climbed by 87.8 points since the bid for BAT. The index closed yesterday down 9.3 points to 2283, still 102 points

over the month as a whole.

In addition to the unbundling factor, there are two other positive influences on the market at the moment. One is a technical point: institutional coffers are already swollen with cash, and are likely to be more so as equity is withdrawn from the market by reason of all the bids. Warburg Securities, for one, estimates the surplus demand for equity at some £17.5bn, equivalent to 3 per cent of the market's present market capitalisation.

At least some of that cash, runs the argument, will be reinvested in the UK via the London stock market, thus spurring share prices higher - or, at the least, acting as a brake on the market should the UK economy take an unexpected turn for the worse over the coming months.

The other factor is the outlook for the economy itself, and what statistics there were this week lent weight to the belief that the Chancellor's policy to combat inflation were actually taking effect. Last Friday, the annual increase in the Retail Price Index for June was 8.3 per cent - hardly modest, but at least unchanged from the previous month.

The news this week was good, too. On Monday, statistics showed that inflation over the three months to June grew at their slowest level since Autumn 1984. Sales were 3¼ per cent higher than in the same period last year, while sales by volume actually fell by 1.8 per cent in June.

As the pound firmed against the D-mark, market commentators were encouraged to think that Nigel Lawson might actually meet - or even under-shoot - his target of 3¼ per cent sales growth for the year as a whole.

"It's the last week is anything to go by," observed Warburg Securities in its economic briefing yesterday. "Lucky Mr Lawson stands a very good chance of muddling through after all."

Nevertheless, there seems to be no imminent prospect of a cut in interest rates - especially in the light of pay settlements such as the 9.6 per cent awarded to 25,000 ICI manual workers this week. In this context, unbundling fever is likely to be the main stimulus to the London market for some time to come.

Meanwhile, lest any corporate financier should be tempted to be too zealous in the pursuit of a deal, he (or she) should read the Department of Trade and Industry's long-awaited report into National Westminster and County NatWest's role in the Blue Arrow affair, which appeared on Thursday.

David Waller

JUNIOR MARKETS

Top of the pops again

ONCE AGAIN, radio shares are creating waves. The past fortnight has seen the introduction of Invicta, a Kent-based radio station, on the Unlisted Securities Market and the main market debut of Radiotrust, which will invest purely in radio companies. Yet another new recruit is Yorkshire Radio Network, which is set to join the USM next month.

These newcomers to the sector have a hard act to follow. Last year was the *annus mirabilis* for the seven radio shares on the USM, some of which doubled, tripled and even quadrupled in value. Overall the sector was responsible for the four best performing stocks on the USM last year.

The reasons for all this excitement are two-fold: soaring advertising revenues, and the prospects of deregulation. In November 1988, the Government published its White Paper "Broadcasting in the '90s: Competition, Choice and Quality", which is expected to be enacted towards the end of 1990. On the face of it, this may well damage some radio companies through increased competition. There will be an increase in number of local radio stations, a large number of local community stations and three new independent national networks.

However, there could also be benefits. Local radio companies will be released from their public service obligations, allowing them to target the listeners required by advertisers. Also the "lighter touch" regulatory regime should cut costs of items such as IBA rentals and contributions to Independent Radio News.

The other side of the radio surge is the increased commercial success many stations have enjoyed recently. After years as a poor relation of television, they are now getting an increasing slice of advertising revenues.

In part, this is a result of the soaring costs of the alternatives. "The minor media, including cinema, outdoor advertising and radio, are benefiting from a sheer cost of using newspapers and television," says Chris Akers, an analyst at Citicorp Securities. Vickers. He predicts that radio's share of the advertising cake could rise from 2 per cent now to 5 per cent by 1993.

Another factor is the increased professionalism of radio stations, which can now produce far more accurate audience profiles than in the past, when the system was perceived as cumbersome and inefficient.

One way of improving matters promises to be the newly-permitted ability to split frequencies and broadcast to different audiences. Invicta has increased its audience by 1 per cent to 37 per cent since March, when it split into a "Top 40" FM channel for

youngsters and an AM channel for 36- to 55-year-olds, playing 1960s and 70s music.

In the same way, the launch of its "golden oldie" Capital Gold service has enabled the fully-quoted Capital to take advertising revenue from LBC, the London news station owned by USM-quoted Crown Communications.

The radio stations are also tackling another deterrent to advertisers - the sheer fragmentation of the system. In an attempt to put this right - and to gain economies of scale - radio companies are now indulging in a hectic programme of mergers.

Invicta, for example, plans mergers with a clutch of other independents in the south east, in order to present a coherent package for advertisers. GWR, the West Country radio station, recently doubled its size with a merger that gave it five radio stations along the M4 corridor.

These mergers have spilled into the quoted sector, the most colourful example being the £39.5m bid by Miss World, the beauty contest and radio group, for Piccadilly Radio, which broadcasts in the Manchester area. That deal was followed by a heated dispute over a rival plan by Piccadilly to merge with Midlands Radio and also by the involvement of Owen Oyston, the flamboyant chief executive of Miss World, who for a short time published News on Sunday, the ill-fated left-wing newspaper.

Miss World's ambition to build up a large north western group (as far as permitted by IBA restrictions on control of ownership) has focused bid speculation on Radio City, the Merseyside station, which has seen its shares rise by 73 per cent this year.

The radio companies' zest for merger extends beyond their home base. Invicta has taken a stake in a Boulogne-based station and has ambitions to build up its operations in France - and even provide a service for the Channel Tunnel. Part of Invicta's enthusiasm is based on its low opinion of existing French radio, condemned by Nigel Reeve, managing director, as "maternalist - like hospital radio."

A larger French foray has been made by Crown, which has bought a substantial stake in RFM, a network of 59 stations. Yorkshire Radio Network has gone even further afield and has bought Singapore's independent station.

Investors should look carefully at companies' diversification plans. "Some companies have joined the market with no real strategy," warns Akers. "The significance of these measures will become apparent as growth in advertising revenues starts to slow down over the next five years."

Vanessa Houlder

High-rise hopes still rest on shaky foundations

PROPERTY shares are a problem. The performance of the stock market says one thing. What has been happening out on the ground, where people are building and renting, buying and selling the bricks and mortar, says another.

Into this morass has flattered - a clutch of takeovers, giving the sector its own speculative "boomlet" independent of what is happening on the wider equity market. It has looked an ideal situation for the wink and the nod, tailor-made for the boys in dark glasses.

The first thing to be said is that property shares, whatever the indices say, have never been the same since the October 1987 equity market crash.

That switched investment approval away from the expansive development and trading companies to those with solid assets, the investment companies - away from aspiration and into what already exists.

The second thing is that this year, even against this back-

ground, the sector has still looked soggy. Share prices early this month were running at an average 30 per cent less than the net assets of the companies. So, at one level, the companies looked cheap.

At another level, it could be argued, they looked about the right price. The share market was simply discounting already what it thought would be a downturn in the direct property market outside.

This week some of the smart money decided that the "looking cheap" argument was the one to follow. As Theodore Stern - president of JMB Real Estate, the standard bearer of a US incursion into the market - suggested, the share market has not been valuing real estate very effectively.

So JMB Realty, one of the biggest US property investors, is prepared to pay £250m for Randsworth Trust. Broken down, that offer is slightly more than the net asset value of each Randsworth share. And Marketchief, a consortium put together by Stephan Wingate, was prepared to pay £314m, well above net asset value, for



Lord Keith, chairman of Arlington Securities: locked in by BAe to provide a new stream of revenue

Imry Merchant Developers. These bids were not pitched at a level which suggests that Imry or Randsworth are about to be split up. The buyers clearly want their property to hold, or to look at it another way, they took a different view of the direct property market than did the stock market.

British Aerospace's £278m bid for Arlington Securities does not quite fit into this argument because the purposes of purchase were different.

BAe, like other privatised companies before it, wanted a property development team, with its assets as a bonus, to work up a new revenue stream from existing but surplus land holdings. BAe has locked in Lord Keith, the chairman of Arlington Securities, and his team to provide this new stream.

There are two differences between these three bidders and the stock market. The first is that the bidders are prepared to take a longer view of prospects for the property industry than the market is. The second is that the buyers evidently

believe that the current property cycle has further to run than the stock market evidently does - so taking us back to the question of just how cheap are the property companies.

What is clear is that the direct property market has had two electric years. Total returns, made up of rental growth and the increase in capital values, have been running at more than 30 per cent, averaged out over office, retail and industrial property.

But market indices since last March have indicated that the returns have peaked and are now beginning gently to subside. At the same time there are indications of a slowdown in the economy, brought about by the Chancellor's policy of higher interest rates.

This slowdown appears to be running into a period when the balance between supply and demand for buildings in the property market could be slipping towards supply. Not only that, property companies are frequently carrying a lot of debt.

So there is a case for caution. However, diminished returns do not of themselves mean that apocalypse is nigh. They do suggest that the direct property market is returning from the abnormal to the normal.

Here, the argument in favour of investment in asset-laden

Paul Cheeseright

FINANCE & THE FAMILY

Have they gone completely mad in the City?

HAS THE City of London taken leave of its senses? Share prices continue to rise despite a generally poor profits season and predictions that this year and next will be lacklustre for profits growth and for the British economy.

seems to have been underlined recently by a spate of results which have disappointed the market and chairmen's statements warning that all is not as wonderful as it used to be in the rose garden.

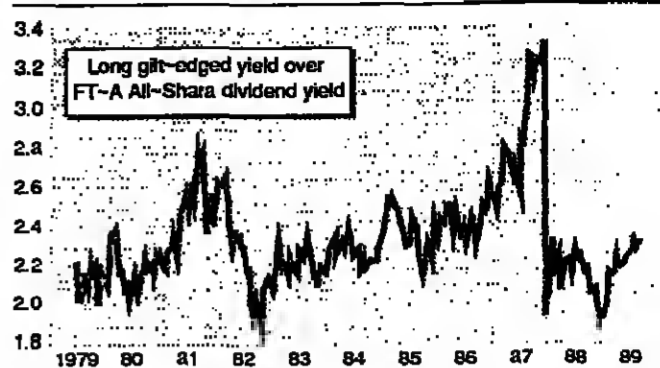
ratios (P/Es), both historic and prospective, and the relationship between yields on gilt-edged Government stocks and dividends on equities (the gilt-equity ratio).

future, may have even further to improve. Richard Jeffrey, head of economics at Hoare Govett, says the ratio of long-dated gilt-edged yields to equity yields at just over 2.32 times is well within past ranges of tolerance.

Like investors in gilt-edged stock, who are seeing the market contract under the pressure of the Government's Budget surplus, equity investors are also feeling an analogous squeeze on the stock of UK tradeable equity. In one sense, current equity prices are being sustained because the supply of new equity has virtually dried up.

Warburg Securities. "But one wants to sell - they have a lot of cash anyway and do not want to reduce their exposure to equities. All the talk of bids is also a constraint on selling because it is usually the poor performers who get taken over."

The Gilt-Equity ratio



"Only three to four months ago we were saying that companies would not be hit by high interest rates because they were cash rich," says George Hodgson, economist at CSV. "They are not. Companies are spending a lot of money on fixed investment and buying other companies."

Simon Holberton urges investors to be a bit more wary of the quality of the stock market's rise

Nomura Securities puts it: "Prospective P/Es depend on your earnings assumption. But it is fair to say that the consensus expectation is for about 10 per cent profits growth this year. 1990 will be lower again, possibly 5 per cent growth. So that gives you a P/E of 11.7 times for 1989 and 11.2 times for 1990. This compares with a current valuation of historic earnings of about 13 times."

Richard Waters on a compensation award affecting some 30,000 people Distillers' pay-out

FROM MONDAY many former shareholders of Distillers, the drinks group taken over by Guinness three years ago, will be entitled to up to £1.31 for each Distillers share they once owned.

Why some shareholders will get no recompense

MANY DISTILLERS shareholders will get no compensation. According to the Takeover Panel, those who took the share-and-cash alternative could have got more than 335.4p for each Guinness share if they sold them after August 21 1986.

As many as 30,000 people stand to benefit. But unless they claim, they may not get anything. The pay-out is the tangible compensation shareholders have been waiting for during the years of acrimonious argument that have followed the controversial takeover. It is based on the fact that Distillers' shareholders should have received 731p for each of their shares, rather than the 630.3p that Guinness actually offered.

Guinness takes the same view. "If they held on to their shares after August, it constitutes a separate investment decision," the company says. It adds: "Those who have had the confidence to hold on to their shares are now reaping the benefit."

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FINANCE & THE FAMILY

David Barchard on how to acquire a second home in France
Le Mortgage is with us

IF YOU hanker for a second home in France but do not know how to go about acquiring it, you may be pleasantly surprised to learn that several banks and building societies are prepared to help you.

commutes to London daily in his own helicopter. There are plenty of other signs that 1992 and the Single European Market is approaching. UCB is getting a steady flow of requests for commercial mortgages from English lenders.

What about finding the money? You don't necessarily have to turn to a French bank. Most of the major UK mortgage lenders will allow you to take out a second mortgage on your existing home (provided of course that you qualify).

inflation of the 1980s - he now has a lot of equity in it and can sustain additional borrowing," says Jim Murgatroyd, assistant general manager at Halifax, the largest UK building society.



Almost everyone's ideal home: the French chateau

offers a deal, for example, where you start at a variable rate (currently 9.5% per cent) and then have the option after a year to switch to a PIBOR (Paris Interbank Offered Rate) linked mortgage with stabilised payments.

UCB's scheme has been going longest and it says it has not had problems with exchange rate variations over the past year.

Bank wrong to destroy papers



In May 1988, my brokers sent to my bankers for safe keeping some bearer certificates for shares in a small Canadian oil prospecting company.

Last December, the nominee recommended that the securities should be transferred to an organisation that would collect and distribute dividends and deal with other formalities on my behalf.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

any light on the precise requirements of this strange legislative order?

Statutory requirement as your bankers invoke. There is no contrary requirement to keep papers more than six years old (ie beyond the ordinary limitation period prescribed by the Limitation Act 1980) and this is the source of many banks' practice of not keeping papers for longer than they need to.

Called to account

MY WIFE HAS not earned income and I have a small pension of £3,200 plus invalidity benefit (not taxable). We have £200,000 available for investment (always managed ourselves and built up from an original £500). A major part is at present liquid in building society accounts and I have always bracketed myself and my wife on the tax form and written "joint".

the £5,000 exemption for each occurred in our joint names but available to either of us in future, or will they be halved?

I have one large investment loss in my own name. Will this be available only to me? In respect of our joint holdings, I assume that we can halve the income and gains for these?

First question: in the circumstances outlined, we suggest that you each have an account in your sole name, in addition to joint accounts.

A landmark in damage cases

Inland Revenue has regarded cash sum payments as settlements and therefore tax-free, whereas income payments have been treated as income and taxed accordingly.

However, in September 1987, the Treasury reached agreement with the Association of British Insurers that income payments in damage awards would be tax-free, thus paving the way for structured settlements.

An important court ruling may pave a new way for compensation in personal injury cases, says Eric Short

EXPATRIATES
Montserrat causes concern

EXPATRIATE INVESTORS looking for a parking place for spare cash should be aware that the banking system of the tiny Caribbean island of Montserrat is causing great concern to the British Government.

prime targets for share-pushing activities. The UK's financial watchdog, the Securities and Investments Board, has warned investors to be wary of a firm called Vanderbilt Securities.

Individuals are advised to exercise caution in any dealings with banks registered there (Montserrat) said Tim Egan, Foreign Office minister recently in a written answer to a question in the House of Commons.

Earlier this year, the SIB told investors to ignore any approach from Vanderbilt which was offering shares in the European American Corporation, otherwise known as Euramco.

This curious activity goes a long way towards explaining the interest of the FBI and Scotland Yard's Fraud Squad have been in Montserrat since April trying to unravel the problems which clearly stem from the ease of obtaining a licence to operate a bank.

Foreign Office Minister Timothy Eggar said in a written answer to a question in the House of Commons that he was "convinced" that the bank was a "front" for the sale of Tamarind Industries at \$1.50 each.

A MAJOR step forward was taken last week in the High Court over the form of compensation payments for personal injuries.

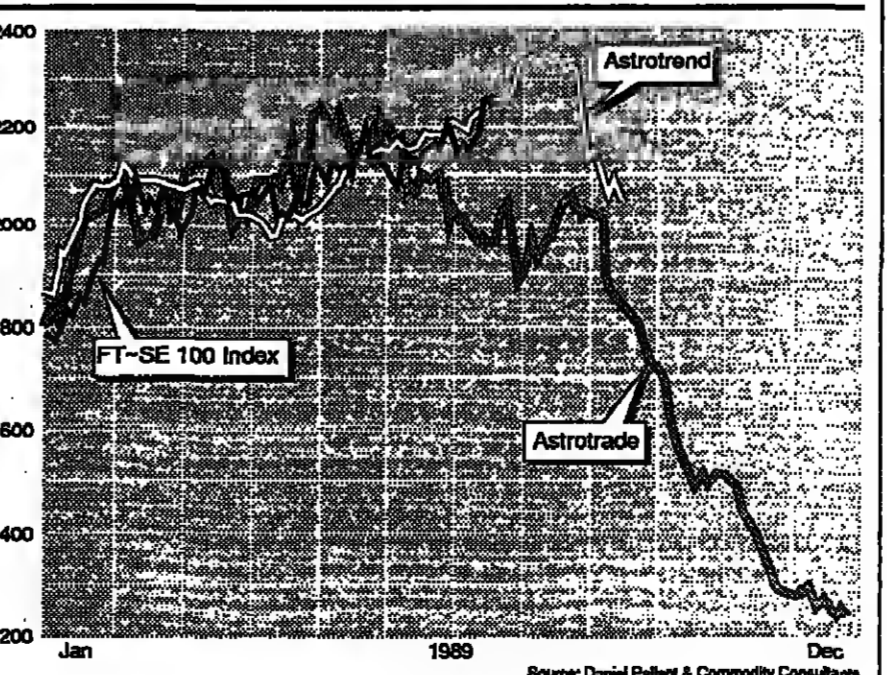
Catherine Kelly, 25, is on a life support machine following a motor accident in 1986 in which her husband was killed and which left her irreversibly brain damaged.

Structured settlement are common in US damage awards. But up to now, the UK practice for damage awards on personal injuries has been confined to lump sum payments only, with no income element.

LOOKING AT the outlook for UK share prices in 1989, in my last article at the beginning of the year, I forecast a "bull" market until May, to be followed by a heavy fall in the second half of the year.

Now that the ice has been broken, the way is clear for a greater use of structured settlements in damage awards - and US advisers are now appearing in the UK offering their services as experts in structured settlements.

Since the accompanying Astrotrond graph follows a similar line to the FT-SE 100 Index, it follows a similar line to the FT-SE 100 Index, it follows a similar line to the FT-SE 100 Index, it follows a similar line to the FT-SE 100 Index.



Source: Daniel Pallant & Commodity Consultants

Unjustified charges

We (21 individual families) own a building which consists of 21 flats. To run them, a limited company was formed with 21 shareholders and a properly-appointed board.

As you will have seen from the FT of May 26, substantial amendments to the proposed CIC legislation were announced by the Financial Secretary on May 25.

Tax on share gift?

I have recently given my wife three parcels of shares in different companies, one of which I had purchased before March 31 1982, and the other two in 1988.

When I asked the bank about the necessity for a business account and asked if this was a law, no straight and clear answer could be obtained.

Voluntary liquidation

My wife and I are the only shareholders and directors in a limited liability property company, the only assets of which are two small houses containing regulated tenants.

The shares which you bought in 1988 are treated as though you had sold them to your wife at a price equal to their original cost multiplied by the RPI for the month of the gift and divided by the RPI for the month of purchase.

Daniel Pallant

Peter Gardland is Editor of The International, the FT's magazine for expatriates.

TRAVEL

It's the way you tell 'em

Tim Burt thinks Ulster's charm should be noised abroad

TREMONA is no ordinary restaurant. There is only one table, shared with the chef and her husband, and an echo sounder and compass on the wall. County Down passes the window of the demasted sailing cruiser about once every 20 minutes followed by a view of Strangford Lough, at the mouth of Rinehaddy Sound.

The islands on the Lough, which stretches from Newtownards to Portaferry at the mouth of the Irish Sea, are inhabited only by sheep and cattle, which are taken to market once a year on a barge converted from the hatch of a super-tanker broken up at Harland and Wolff, the Belfast shipbuilders.



Pictureque Portaferry in County Down

reminds the sailors using his yachts to avoid the rocks. There are few tourists this year, and business is quiet. McGarvey blames the lack of trade on the political violence in the province. He also blames the sectarian unrest for forcing him to leave Belfast and turn to tourism.

media makes people think like that," says McGarvey, for whom job satisfaction is sitting in the stern of a yacht - large enough to sleep two adults - as novice sailors struggle to tack through the lough. Experienced yachtsmen can hire one of the Leisure 17s and sail off for days, sustained with a box of supplies from the McGarveys, a two burner stove, sleeping bags and room below deck for three at a squeeze.

Pendry, another Ulsterman who gave up his Belfast job to try living off the fledgling tourist industry, and his wife Dorothy bought a decrepit Georgian rectory in a County Fermanagh village so small that it isn't on the map, where they have opened the first residential craft centre in the province.

"And that is why the sorcerer came this afternoon," said Mamy, "but he couldn't help." I was shocked. We had spent the three previous Augusts living next door to these intensely practical Provencal farmers. We thought we knew them well, their tendency to escape the day-to-day slog by story-telling and day-dreaming was understandable. But reliance on witchcraft was completely out of character.

the road to the hamlet we had always liked the look of. Arriving to find both accommodation and proprietors charming, we went happily to say hello to our previous hosts. There was much profession of affection and toasts all round. All seemed well until we mentioned the names of our new landlords. They had been neighbours for 20 years, said Mamy, but recently there had been a dispute and Papy had vowed never to speak to them again.

visit had failed to solve the matter. So we caught up on local gossip. Bonne Maman had sold her restaurant, famous for miles around for its cuisine and the generosity of the patronne, to a young man. His plats du jour ran in rotation: pork chop, steak, ham and cassolette du chef - "all the leftovers stewed up together," every fourth day. If we wished to show loyalty to the previous owner and solidarity with the hungry and disgruntled villagers, we should not go there.

decided to try my hand at mediation. "Madame Fernier is very distressed that there is this bad feeling between you," I lied. "So am I," replied Mme Chasseur, "but it is her family's fault. I don't suppose she has told you that."

It was able to reply truthfully that she had told me very little. "Well," said Mme Chasseur, "let me put you straight." M and Mme G's breakfast had been disturbed, one morning in July, by the arrival of an agitated German lady from the gite upstairs. "My husband is in the shower covered in soap and there is no water," she cried. Mme G set off round her neighbours to see if any of them could spare a bucket. All the taps were dry on her side of the road.



forget about the matter. Curiosity got the better of me on the last night. "Tell me exactly what Mme Chasseur said to you," I asked again. "She said that colonialists were all the same; not content with taking the water from the Arabs in Algeria, they have to come to Provence to steal it from the peasants." Mamy said: "Don't you think that's a terrible thing to say?"

Not really such a wizard idea

TRAVEL BUSINESS

Sky wars begin

THE BATTLE of Britain is being fought over British Airways' skies this summer by domestic airlines. British Airways, which shuttles some 8.5m people around the UK each year, has decided, after concentrating on First and Business Class passengers, to revamp its services in and around the British Isles.

FLIGHTS

Table of flight fares for various destinations including Florida, Caribbean, Bahamas, Jamaica, New York, and Los Angeles. Includes a section for 'SUPER FARES' and 'DISCOUNT FARES'.

HOLIDAYS AND TRAVEL

Advertisement for GALAPAGOS cruises, featuring the ship 'JOURNEY LATIN AMERICA'. Includes details about the itinerary and contact information.

UK

Large advertisement for Marriott Hotels & Resorts, featuring the slogan 'P.S.T... I KNOW WHERE YOU CAN GET 5 STAR FOR THE PRICE OF 3 STAR??' and details about a special offer.

SPECIAL INTEREST/ACTIVITY

Advertisement for VIETNAM, KAMPUCHEA & LAOS, offering a 22 Day Tour departing 7th November.

FRANCE

Advertisement for QUALITY VILLAS, offering holiday homes in France.

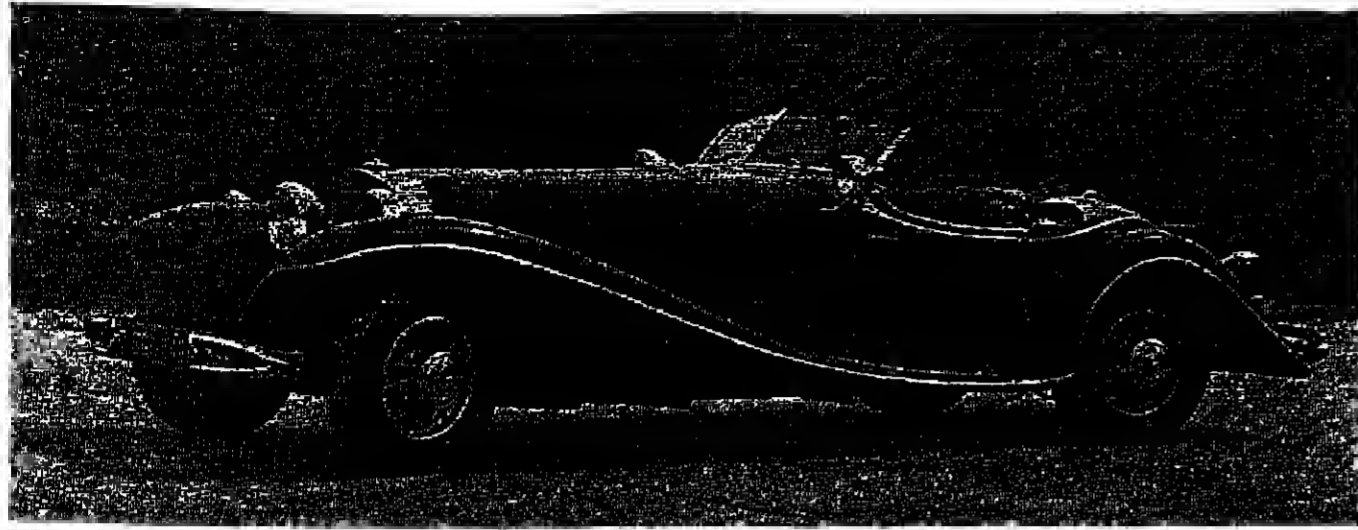
Capitalise on the FT's connections by advertising in the Weekend Travel Pages

Large advertisement for advertising in the Weekend FT Travel Pages, including contact information for Francis Phillips and a coupon to request more information.

Advertisement for PRIVATE VILLAS, offering holiday homes in Tuscany, Southern Italy, and other locations.

صكرا من الامل

MOTORING



Up, up and away: this Mercedes-Benz 500K Special Roadster could fetch \$1m at Sotheby's Monaco sale tomorrow

A matter for speculation

THE WORLD trade in classic cars is now estimated to be worth more than \$1bn a year with demand spread far and wide - from Japan to Argentina, California to Monaco (where Sotheby's tomorrow is holding the last major auction of the present saleroom season).

Prices have risen remorselessly and now there is a thriving industry in restoring and maintaining old models. But while most of the buyers remain enthusiasts who hope to drive their cars, the increase in values has brought a speculative element which acquires vehicles to re-sell at an appreciable profit after a year or two in mothballs.

One attraction that cars have over other antiques is that they are not subject to capital gains tax; nor are they likely to be. If CGT was applied to any gain, there would also have to be compensating relief for any depreciation in value - and there would be no shortage of old cars that would qualify under that heading.

The Treasury is known to be looking at the problem and there are rumours that some form of tax might be concocted to apply to collections of cars. There are millionaires like Eddie Shah and Peter de Savary who own many classic vehicles; sometimes, as with de Savary, forming them into a museum. For the immediate future, though, these cars will give pleasure to visitors while appreciating nicely in non-taxable value.

Classic cars are also being

bought increasingly as company cars. When the hunt was on for young talent in the City, a 1960s Jaguar or Aston Martin might be offered as an incentive to join a particular firm.

Corporate classic cars are, of course, subject to the same tax burdens as contemporary ones but they should have the added attraction of appreciating in value for their owners. And, anyway, the company pays.

The only dampener on classic cars as a tax haven comes, not surprisingly, from Brussels: the EC is contemplating a

special licence for any vehicle that is more than 20 years old before it can take to the road.

The problem with classic cars attracting speculators is that this unsettles the market. Some cars suddenly become fashionable, soar in price and attract sellers keen to cash-in on their valuable property - with the result that prices fall.

These days, the auction houses have to explain constantly to would-be sellers that not all classic vehicles command record prices and that too high a reserve will prevent a sale.

Ferraris provide a good example of the vagaries of the market. For years, they had been the hottest classic car. Take, for instance, a 1967 Ferrari 2746

GTB/4 Cam, a model starting at \$7,000 when new. It suffered a fall to \$3,250 by 1973, then caught a favourable wind from 1982 onwards (when it was worth \$21,000) and rose to a staggering \$450,000 last year.

A 1960 Ferrari SuperAmerica, worth around \$4,500 in 1973, was priced at \$400,000 earlier this year while a 250 GT Lusso, which sold for \$2,250 in 1973, was reckoned to be worth \$300,000. But, earlier this month, Sotheby's failed to sell any of the Ferraris it had on offer at auction. The reserves were just too high and popular

interest had moved on to Aston Martins, the present hot car (see opposite page).

The Jaguar V12 E-Type is another car to have enjoyed a marvellous price rise, although this probably has peaked. It is noticeable that post-war cars, many from the 1960s, have attracted the greatest speculation. They appeal mainly to the new rich, who want one special car to symbolise their success and choose the one after which they lust in their youth.

In contrast, the marques that appeal to the traditional classic car collector - the Bentleys, the Lagondas, the Rolls Royces - show a much steadier appreciation in price. A 1980 Rolls Royce Phantom II Barker Tourer, valued at \$15,000 in 1972, might be worth approaching \$100,000 today; a 1931 Bentley 4 supercharged Vanden Plas drophead coupé will show a much greater rise, from \$15,000 in 1972 to around \$400,000; while a 1988 Lagonda LG6 Rapide sports tourer will have moved from \$4,200 in 1972 to about \$150,000.

Selling classic cars has been taken over by the top auction houses - Sotheby's, Christie's, Phillips, etc - which hold more and more sales each season. These are an important contribution to the prosperity of the salerooms, with prices rising to a record \$5.5m at Christie's in 1987 for a 1931 Type 41 Bugatti Royale. But the sales are hit and miss affairs with a high percentage of unsold lots, due mainly to unreasonable reserves by vendors.

While the speculative element is an unsettling factor, it is overwhelmed by the genuine enthusiasts who buy classic cars because they want to restore them and show them off at specialist clubs.

At Christie's sale at Beaulieu this month, a 1963 Aston Martin DB chassis sold for \$198,000. The buyer will have to spend a fortune on it but, when finished, he will have a \$1m car.

There also seems to be increasing interest in cars of the pre-1914 vintage which, until recently, had not seen the price rises of the great inter- and post-war marques like Bugatti and Ferrari. In fact, there is something for everyone and, while the economy flourishes, the classic car market should boom.

Hello to a good buy

Stuart Marshall looks at the plus points of a small car

WHAT DO buyers look for in a modestly-priced small car? Trying to find the answer by taking some of the motor manufacturers' advertising literally could give you funny ideas.

You might, for example, think that claims of "best in class for acceleration from a standing start" were important. Or that being able to exceed 100 mph (160 kmh) "where the law allows" made all the difference.

In the real world, though, neither seems to matter much to a majority of buyers. What are crucial are reliability and economy, in that order, followed by practicality and styl-

ing. And buyers, it seems, feel the same whether they live in Europe or the US.

A survey by a UK-based independent motor industry research bureau has come up with some interesting findings. They confirm my own gut feelings, which are based in part on the questions asked by readers of this column when they are trying to decide which new car to buy.

Reliability and economy add up to value for money. When you are spending your own taxed income on a car, nothing is more important.

So far as the make and model are concerned, personal recommendation by satisfied owners means more to most

buyers than the glossiest ads and costliest TV commercials.

For reliability, the Japanese makes have far and away the best image. Six of the top 10 of more than 30 entry-level cars covered by the survey were Japanese, with the Honda Civic clear leader. The only Europeans seen as likely to be as reliable as the Japanese were the Volkswagen Polo and Golf and Vauxhall Nova.

For economy, the recently-introduced Citroen AX was considered to be best. It was followed by the Citroen deux chevaux, that throwback to the 1950s which one suspects the PSA Group (Peugeot and Citroen) would love dearly to knock on the head.

Britain's own survivor from a past era, the 30-year-old Mini, was also rated well for economy. For luxury, however, it was tumbling around at the bottom of the list with the East Europeans and, unsurprisingly, the 2CV.

My own researches (nothing scientific: just talking to people in pubs or at dinner parties) suggest another important factor in buying - or not buying - a particular car: the behaviour of the one you had before. If it worked well, and the local dealer gave good service, you stay with the same make. If not, you look elsewhere, listening to what owners say about the reliability and economy of their cars.



Keeping your cool . . .

BREAKING DOWN on a lonely road, or even in some urban areas, is an unpleasant experience for a man but likely to be much worse for a woman.

Police advice is to lock the doors, put on the hazard warning flashers and wait for a patrol car to come by.

That might take hours, but a way of speeding things up is to have an engagingly simple - but likely to be effective - device called Carcool 808 in the car.

It is an accordion-pleated cardboard sign with a bold "Help! Call Police" notice on one side and a picture of a pair of sunglasses on the other.

Normally, it tucks away, folded, next to the driving seat.

In an emergency, it is displayed in the car's rear window (above) where it will be seen and, hopefully, acted upon by fellow motorists.

Intolerably hot in a very short time.

Then, the cardboard concertina is wedged under the sun visors and, supported by the fascia, serves as a screen.

I have not tried it, but the Carcool is said to reduce heat build-up considerably. It costs £3.99 post paid from McGuire Marketing, 8 Southam Street, London W10 5PH (tel. 01-964-0129).

S. M.

VW goes for speed

VOLKSWAGEN has released its fastest car to date, the 132 mph (212 kmh) Corrado sports coupé, in Britain. With a 16-valve, 136-horsepower, 1.8-litre engine, it costs £16,699.

The Corrado is much the same mechanically as a Golf GTI 16V, and could appeal to users who find the GTI's image is not what it used to be because it has become too popular.

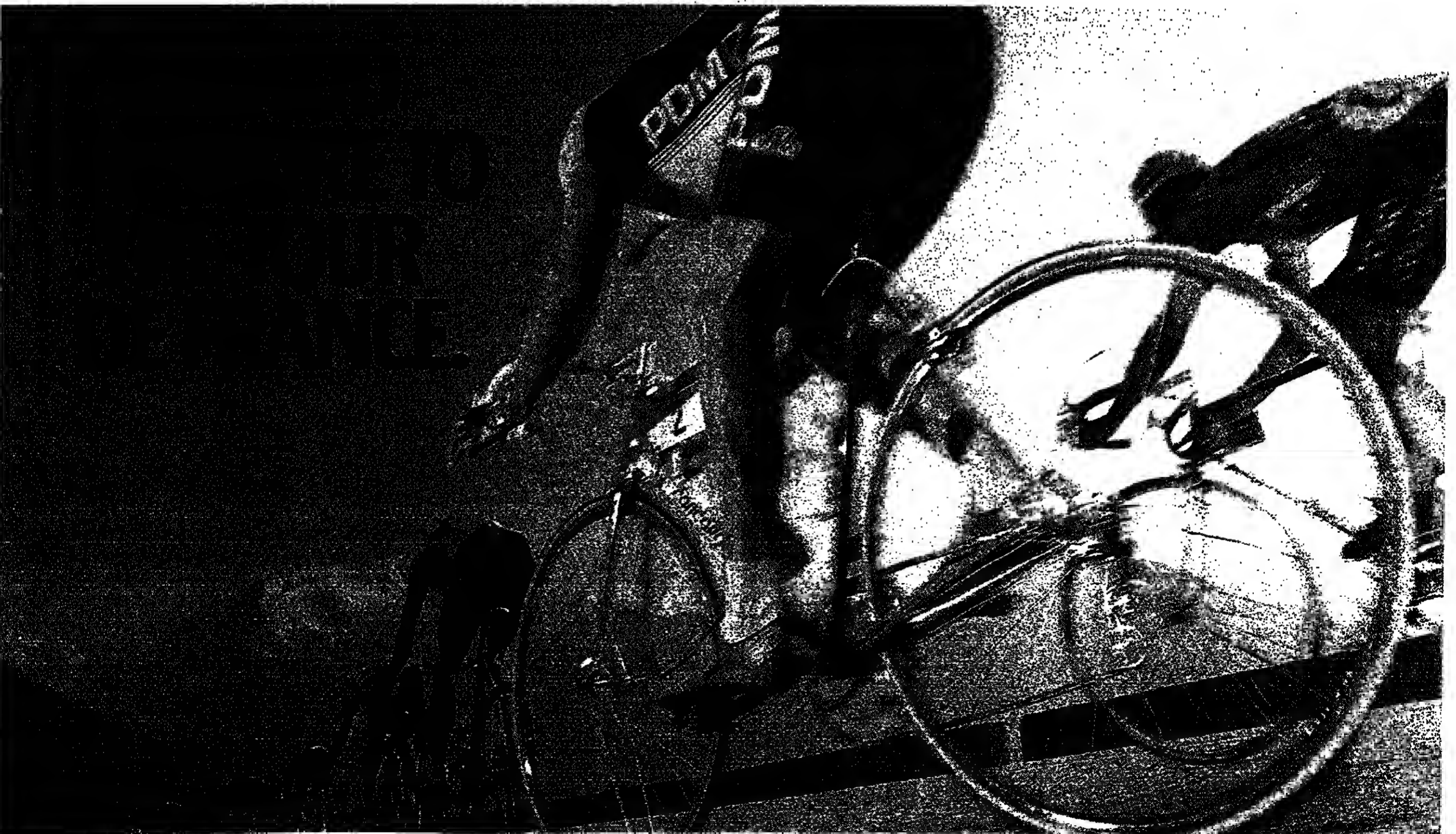
A supercharged, 160-horsepower version of the Corrado is also being offered with left-hand drive at £19,338 for buyers who cannot wait for the right-hand steering version due in the UK next year.

The Corrado, front-wheel driven and power-steered, is a reasonably practical four-seater with plenty of luggage space.

A special feature (or amusing gimmick) is an aerodynamic spoiler which an electric motor raises automatically at speeds of more than 45 mph (72 kmh). This is said to reduce aerodynamic lift on the rear wheels by up to 64 per cent.

Options include an electric sun-roof (£578), power windows (£578) and leather upholstery (£1,333).

S. M.



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PROPERTY

Dereliction to beauty

Michael Hanson tells of one man's fight to restore a village

CHRISTOPHER CURRY, ooa of the two founders of Acorn Computers, has embarked on the ambitious restoration and rejuvenation of Croxton, a derelict estate village near St Neots in Cambridgeshire. His efforts have earned him a place in the architecture room at this year's Royal Academy summer exhibition, although they have not been without their critics. When the late Lord Eittsley owned Croxton Park estate, it ran to 6,000 acres and included the villages of Croxton, Eittsley and Toseland. Lord Eittsley, who died in 1942, was a notable farmer, a chairman of the Council of Agriculture for England, and the Government's adviser on agriculture at international economic conferences. His only child, Myra Alice, inherited the estate in 1953 after her mother's death. She married Sir Gifford Fox, MP for Henley for 18 years. But by the time she died in 1981, the estate had shrunk to less than half its former size, its Georgian mansion was in need of repair and modernisation, and its 16th century manor house and many of its estate workers' 19 houses and cottages in the village were derelict.



Croxton Village... the original thatched cottages before restoration.

At first, local planners wanted new houses to be thatched, although much of the charm of Croxton Village lies in its lack of uniformity, with 18th-century rendered and thatched cottages interspersed with Victorian and Edwardian brick and tiled houses. Eventually, a compromise was reached. Most of the new houses are being built in brick with tile or slate roofs, but one new cottage is rendered and thatched. Oddly, where existing cottages are being re-thatched, the planners require their extensions to be tiled to make them look like agricultural buildings. The village green is being enlarged, a new village hall built next to a new pond, and the existing gatehouse to Croxton Park will be matched by a new gatehouse. A block of stables around a courtyard is to be converted into a large country house. Of the first nine new and restored cottages released for sale through the Trumpington office of Savills (0223-844-377), four have been sold and two reserved at prices from £88,000 for a new two-bedroom terraced cottage to £290,000 for a new four-bedroom detached house. Two three-bedroom renovated cottages are for sale at £180,000 and £185,000.

Leez - an estate fit for a Queen

WHEN YOU can tell house guests that Queen Elizabeth I stayed overnight (not once, but three times), you are dealing with a seriously historic property. In the case of the Grade I listed Leez Priory north of Chelmsford in Essex, even the outbuildings turn up in the history books: the kitchen garden wall rates as a Grade I structure of architectural or historic interest, the inner gatehouse is listed similarly, and even the fisherman's cottage in the 13-75-acre grounds gets a Grade II accolade. Leez was the site of an Augustinian priory from 1220 until the dissolution of the

monasteries by Henry VIII. He gifted it in 1537 to a man who might well be regarded as the first yuppie: Sir Richard Rich, a young, upwardly mobile professional courtier. Rich became one of Henry's 16 executors and profited greatly thereby. He was also dubbed Baron of Leez by the new king, Edward VI, whom he served as Lord Chancellor. When Edward died, Rich left public life and devoted time and cash to developing Leez Priory as an impressive retirement home. The lords Rich remained

on the edges of history thereafter. The family entertained Queen Elizabeth on her perambulations around the better country estates in 1561, 1571 and 1579. Later, Leez was acquired by the Earl of Manchester. When he died it was sold to the Duke of Buckingham who, having no need of an Essex mansion, passed it on to his half-brother, Charles Sheffield. In 1733, the governors of Guy's Hospital in London bought the property for £80,000 and, in the succeeding years, it was trimmed down as the

lands were sold off. In recent years, the owners of Leez Priory have worked on restoring the buildings - a project now well advanced. Richard Taylor, of sales agent Hamptons (0871-2117), reports that most of the renovation work has been completed. The mansion is sound structurally but unfurnished and undecorated (insofar as any ornate, Grade I listed, 16th century mansion can be described like that). In accommodation terms, there are four reception rooms, eight bedrooms and three

bathrooms. Throw in the two gatehouses, the fisherman's cottage, outbuildings, stables, the priory ruins, a couple of fishponds and the medieval garden and parkland, plus a 500-yard stretch of the River Ter, and you have a country mansion 15 minutes from Stansted airport, 15 miles from the M11 motorway, and eight miles from Braintree railway station which is 36 minutes from London's Liverpool Street. You also have a pricing problem, for how do you decide

on what constitutes a fair price for such a concrete slice of history? Taylor plumped for a guide price of £1.5m, which is as good a starting point as any. But if you feel the urge to put that into perspective, Rich's mansion is now considered to be worth the equivalent of a 14 inches square section of Claude Monet's "Le Pont Japonais." When you compare the Leez asking price to the more than £12m achieved at auction for this most-recently sold of Monet's water lily paintings, those 13.75 acres of historic Essex start to look remarkable value. John Brennan

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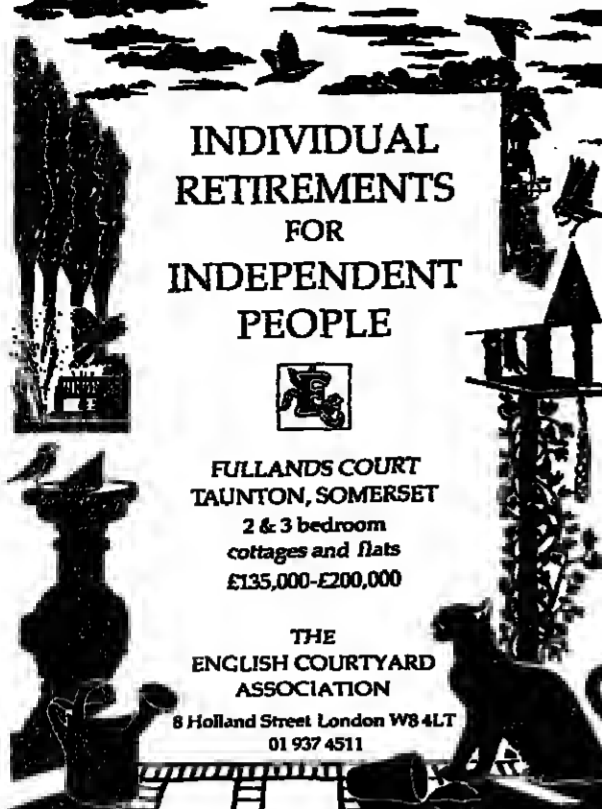
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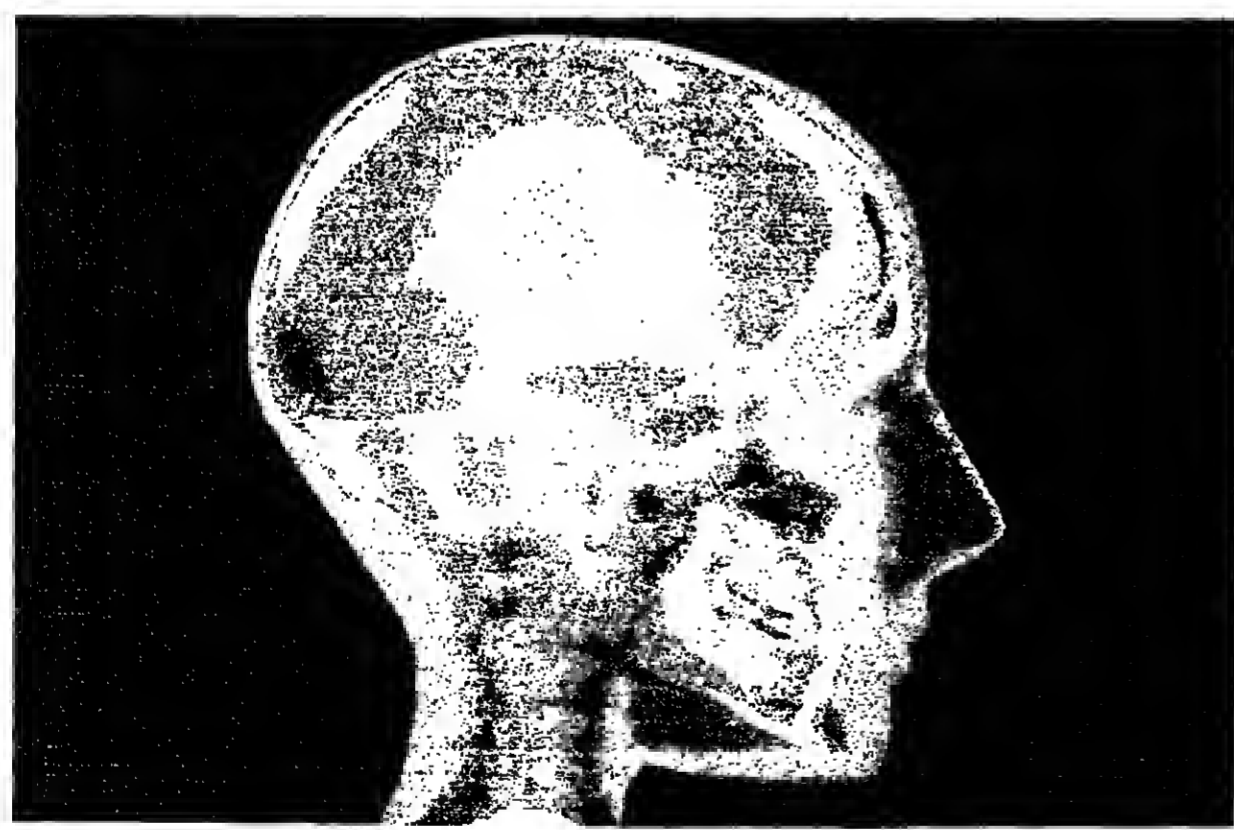
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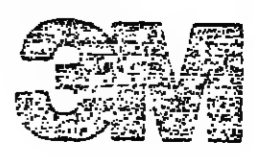
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DIVERSIONS

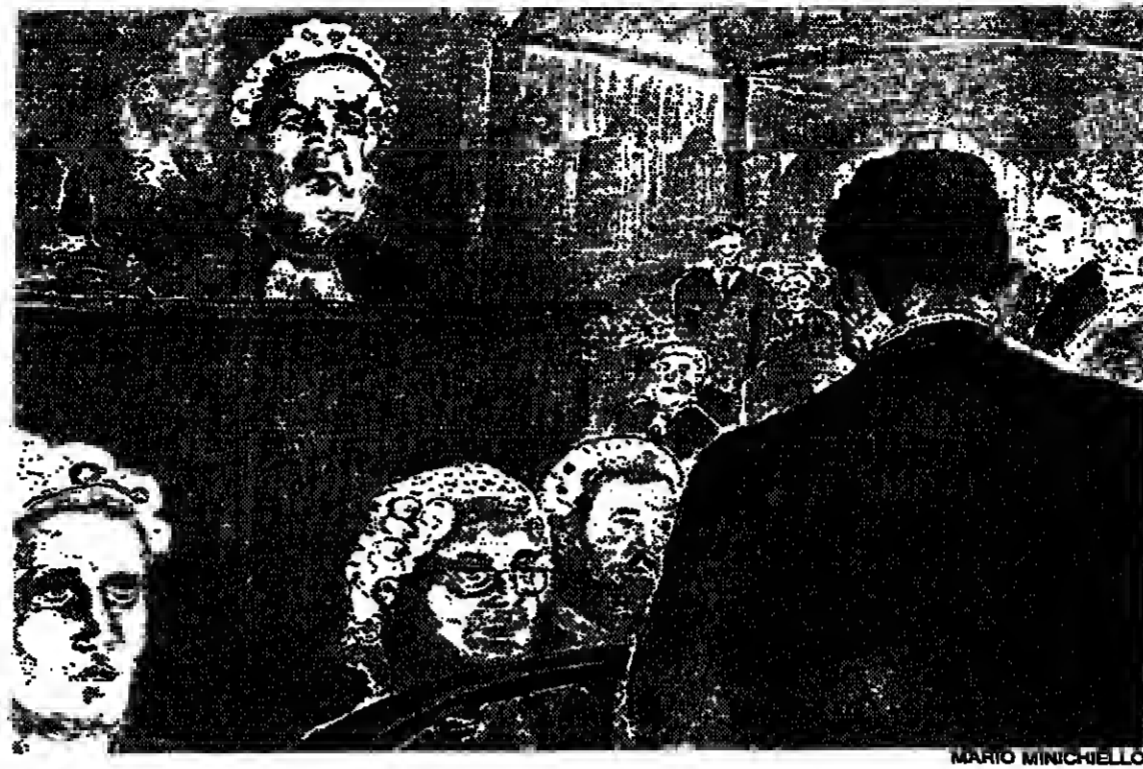
سكنا من الامم

What happens when the son goes down

OUR PRISONS, we are told, are full to overflowing. They are old, outmoded and thoroughly unpleasant. For most people, they are also a phenomenon entirely to do with "them," not "us." What do we do, therefore, when a member of our family - in our case, a son - leads us into the midst of this alien world? How do we cope when we encounter a string of situations entirely out of the range of our professional background and senior executive's experience?

licity. The press, the local TV news and, no doubt, the local radio had we cared to listen. For some, the media and the publicity are the most difficult experience of all: most of us live anonymous lives for most of the time. But not when newspapers can be sold with banner headlines of "Local man jailed." No matter that he is our local man.

You are middle-class, law-abiding, respectable and in a senior position at work. Then your son is jailed. One of our readers describes the seven stages of life in an alien world



MARIO MINICHIELLO

Some colleagues, told or not told, avoid the subject studiously. Either they are too embarrassed to mention it or they think that I will be if they do so. Others say their piece, not all expertly, but all sincerely. One expresses his sympathy and promises "never to mention it again," all very strange, but getting easier with each conversation. In general, the more senior the colleague, the more difficult he seems to find the concept of a fellow senior manager who has a son in jail.

Those who avoid the subject are the hardest (I'm sure for themselves as well as for us). One letter from a close friend arrives after a telephone call from me but makes no mention of a family member now in prison. Extraordinary - or just understandable. Overall, however, support comes from quite unexpected sources and far outweighs the silences from elsewhere.

first few days, or even hours, inside a prison can be very traumatic and a letter written in extreme distress to the immediate family is often the inevitable consequence. We are lucky. The environment is harsh, perhaps oppressive, but there is no distress in the letter. We are relieved, and prepare to take advantage of the visiting warrant enclosed and make our first visit to the prison - stage seven.

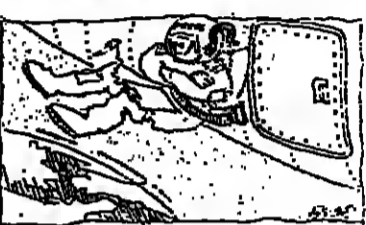
Our son is waiting for us, ready seated, and we talk. All around us others talk, too. There is anonymity in numbers. The atmosphere is one of earnest conversation. It is certainly not one of high emotion or despair. And then, it is all over. Our allotted 30 minutes are up, and like everyone else - very much like everyone else - we leave.

Monday is the closing date for applications to become the first British astronaut. Christian Tyler sent his letter just in time

Number One, Southwark Bridge, London, SE1 9HL July 21, 1989. Dear Comrade Sir or Madam, I am writing in reply to your recent advertisement in the Economist, headed "Astronaut Wanted/No Experience Necessary." I should like to be considered for the post.

My curriculum vitae is enclosed. You may think that it does not match your job description very closely. But I would urge you to study it again after you have read this letter. Your advertisement for a Briton to join the eight-day "Juno" mission to your orbiting space station in 1991 starts off nicely. (You have our English sense of humour). But surely it is a mistake to make so much of the fact that the winning candidate will be writing himself or herself into the history books. The last thing you want on a trip of this kind is some crackpot, exhibitionist or fantasist who is just out for Number One.

Let me explain. You say that the purpose of the mission is to conduct gravity-free experiments with plants, cells, bacteria, proteins, alloys and fluids. But if you haven't been doing that already what on earth have you been doing up there all this time?



tions and newspapers worldwide the daily broadcast I shall make from space. What is modest, I can prepare to halves with you on my post-mission proceeds: my worldwide lecture tour, the autobiography, celebrity appearances, my aftershave and spaghetti-sauce endorsements, the fashion watches, T-shirts, table mugs, etc., etc.

Advertisement for E.A. SHAW and CLUTTONS real estate services. Features include: 0% INTEREST FREE MORTGAGES FOR TWO YEARS*, CLOSE TO THE CITY OF LONDON AND ADJACENT TO TOWER BRIDGE, Exciting new 2 and 3 bedroom apartments overlooking a fashionable piazza, PRICES £187,000 to £210,000, Viewing 7 days a week.

Advertisement for INTERNATIONAL PROPERTY, specifically Lake Geneva & Mountain resorts. Features include: PRESTIGE... POWER... PERFORMANCE..., SWITZERLAND Sale to foreigners authorized, Lake Geneva & Mountain resorts, REVAC S.A.

Advertisement for ANTIBES - FRANCE, featuring a beautiful fertile land near the sea, with large main villa in good order, Two other villas, swimming pool, sea view, An oasis of calm - An excellent investment - REF. 311.

Advertisement for VERBIER FAMOUS SKI RESORT IN THE "SWISS ALPS", featuring a delightful quiet site of 1 living room, 2 bedrooms and balcony, Magnificent view over the Alps, sunny and quiet, Price: \$fr. 320,000.- including parking space, 2 permits for foreigner still available.

Advertisement for CANNES CROISSETTE, featuring a facing the new harbour, outstanding apartment - 150 sqm + 50 sqm terrace + 250 sqm private garden, Huge reception room, 3 bedrooms, 2 bathrooms - servant's room - garage, Superior view - 11,000,000 Fr - REF. 555.

Advertisement for FRENCH PROPERTY SERVICES, offering all types of property in most areas of France, Residential and Commercial, Free valuation, 24 hours a day, French language spoken.

Advertisement for VAR, featuring an authentic stone mill with large reception, 5 beds, pool, lovely view over nearby village, 2,800,000 Frs.

Advertisement for FRENCH CHATEAU, featuring apartments and uncompleted conversions for sale in French Chateau, From £25,000. Contact the developer direct for brochure.

Advertisement for IRELAND, featuring lovely south-west, BANTRY BAY, superbly located in magnificent natural landscaped grounds, 21 Acres. All commodities, immaculate condition. Golf, sailing, riding, nearby. Price: £118,000.

Advertisement for 'Through the Weekend FT Property Pages'. Includes a large image of a house with 'SOLD' written on it. Text includes: 'SELL YOUR HOUSE Through the Weekend FT Property Pages', 'To advertise your property in the Saturday property pages, simply complete the coupon below and return it to: Francis Phillips, Classified Sales Manager, Financial Times, Number One Southwark Bridge, London SE1 9HL.', and a form for submitting property details.

Advertisement for LONDON, SE20, £65,500, 20 minutes City/West End by train, Spacious 2 bedroom flat on 3rd floor of modern purpose built block with lift. 17' reception, 2 double bedrooms, kitchen, bathroom, entrance phone, garage and car port, communal gardens, low outgoings. Long lease. Ideal dual purchase. Tel: 01-859 7520 evenings and weekends.

Advertisement for MAYFAIR, Smart 2 bed, 2 bath long lease flat. Cut to £229,000. Sale now urgent. Best offer secures. Tel: 0522 536189.

Advertisement for ANDORRA, BUY DIRECT FROM BUILDERS ANDORRA-TIBS TRU, Full sales, management and rental service. Call Mr. Karanik.

Advertisement for FOR SALE IN GREECE, Traditional houses in the medieval city of Rhodes. Call Mr. Karanik.

Advertisement for CENTRAL FLORIDA USA, Commercial and residential developed plots and properties in High class localities. Full leisure and golf facilities.

Advertisement for PROPERTY 1992, Act Now!, Where? Why? How? Its benefits... its safety... and it will soon be unobtainable! From us.

Advertisement for ALGARVE, APARTMENTS FROM £21,000, CLUSTER VILLAS FROM £71,000, TERRACE VILLAS FROM £22,000, DETACHED VILLAS EACH WITH OWN POOL, FROM £120,000.

Advertisement for OVERSEAS PENSIONERS, Cottage to Manor House £25,000 - £200,000. Brochure - Menche Vacances (0781) 70407.

Advertisement for RYDER INTERNATIONAL, ALL TYPES MOST AREAS, Tel (0425)277178/27933 Fax (0425)272592.

Advertisement for COLE D'ASSIS, ROQUEBRUNE/CAP MARTIN, Under construction, a residence of small holiday apartments right on the Promenade close to the Monaco border. Panoramic sea views.

Advertisement for DORDOGNE - NE. NEREMAC, Bordeaux 1 st, Very prime terrace including large barn for renovation, water, electricity and phone. £250,000 FF. (0578) 62401.

ARTS

Fairytales under the stars

AS USUAL, the Festival weather is cloudless and very hot...

Czech, in fact) seem to have inspired Zito to dress them like the decent folk-heroes of a Nazi film...

The husky, funny, deeply Austrian Papageno is Anton Scharinger, and Edith Schindl-Lienbacher is a clever Papagena...

musical team, and they all keep the audience - most of whom can never have seen even quasi-Shakespeare played before - very happy indeed...

David Murray reviews Die Zauberflöte and The Fairy Queen at the Aix-en-Provence festival

Creditable, but not memorable: the producer Jorge Lavelli has neither played tricks with Mozart's opera nor insisted on any particular focus...

unusually small dragon, Kurt Streit sings a virile Tamino (granted a slightly over-studied Portrait aria)...

picked up vigorously later - it was Lavelli's fault, not his. Randle is also among the singing ensemble for The Fairy Queen...

Such sumptuous treatment of this modest masque must be utterly unprecedented. The actors from 'The Six Peter Hall Company' explode on to the stage with maximum energy...



Roger Allam and Christopher Ryan in 'The Fairy Queen'

recalls the Ian Holm of yore. Without musical inflation, though with firm creative imagination of his own...

Tute this summer, the stately has Jérôme Correas, and Lynne Dawson with a nymph's heartbreaking lament.

Operetta OH! to be in Ohio!

OH STANDS in the American postcode for the state of Ohio, and OH! would be a suitable exclamation of surprise at discovering the Ohio Light Opera...

much and his company works too strenuously to get best results, with rehearsals all day and performances in the evening...

Procuress as go-between

Anthony Curtis on Jeanne Moreau's return to Avignon

HERE IN Avignon the good news is that Jeanne Moreau is alive and well. An older woman now, she remains an enchanting actress...

channels and marry each other. The reason that has been advanced is that like the author Fernando de Rojas, the young man Calixte was a converted Jew...



Jeanne Moreau and Valérie Drévillo in 'La Célestine'

ers in play, and the human touch appears when far from prolonging their frustration, as would be to her own material advantage...

Calixte in Lambert Wilson's virile, athletic performance ascends to the pinnacle of Méliès's arms and then dies by falling from a ladder...

Such a season, on a professional basis, is unique for international operetta presented in English. (What might such a summer festival achieve in Britain, where the demise of New Sadler's Wells Opera has left operetta rootless?)

Operetta as romantic light comedy came off better than when swagger and satire were required. Offenbach's 'The Grand Duchess of Gerolstein' bumped along in its satirical seductive central role...

Summer in the City. Artistic Directors: The King's Singers. Barbican Centre Warwick International Choral Festival. English Festival Orchestra. Simon Hoggart cond. Lynn Morrison soprano, Myra Moran mezzo-soprano...

Royal Society of British Artists at the MALL GALLERIES. The Mall (nr Admiralty Arch) SW1 13 - 24 July 1989 (10-5 including Sundays). Paintings on sale by Tom Coates, Jane Correll, Ken Howard, Leslie Worth...

Radio Breakfast at Ludovic's. THERE IS no French Revolution on BBC radio next week, even on Radio 3. But I cannot decently avoid it this week...

Pet Shop Boys go live. FOR YEARS the Pet Shop Boys, (basically ex-journalist Neil Tennant and Chris Lowe looking after the electronics), disdained to perform live. They were musicians, not rock stars...

Pick of the Week CHRISTIE'S. THIS PHOTOGRAPH will be sold with the rare and important group of awards to Lt. Col. Walter Stirling, which includes two D.S.O.s, the first for his actions at Kafferspruit in the Boer War in 1901...

SPORT

Watson: back in the thick of the action

THERE WERE ominous forecasts of thunderstorms for the late starters in yesterday's second round of the 118th Open Championship at Royal Troon. However, despite the fact that there had been a few heavy rain squalls and some abrupt changes in the wind direction, the golf course was still playing as easily as one has ever known it, which explains why the scores were so tightly hunched and the championship still so wide open.

Europe this year was to tie for sixth place in last week's Scottish Open at Gleneagles. There then followed a formidable group of five men at five-under-par 139: Greg Norman of Australia, Americans Scott Simpson and Steve Pate, and two Englishmen, Derrick Cooper and the three-time winner this season in Europe, Mark James.

The completely unknown Wayne Stephens, who had led overnight by two shots with a then record 66, was at one stage eight-under-par in his second round after six holes. But with three holes to play he had finally started to give ground, as all unknowns who fleetingly lead this championship are supposed to do, and was five-under-par with three holes to play.

Grady is a most interesting character. I first met him in Adelaide, South Australia, in 1978 when, as a penniless assistant professional, he hitchhiked his way from Brisbane for the West Lakes Classic at the Grange Golf Club. Grady was so unknown in those days that the golf ball salesman would not even give him a dozen new ones when he set out in the lead to play his final round. So this intrepid Australian, who today is five days short of his 32nd birthday, borrowed money from his caddy to buy three new golf balls.

play conservatively, try to keep out of trouble and do most things well but never brilliantly. In fact I'm as boring as you guys who write the stories about me! It is generally reckoned - or has been in previous Opens at Troon - that one must make a good score on the outward half before turning into the prevailing wind coming home, and struggling for survival. But it has not been quite like that this year, since the wind has

green, so easy was their pace. On Thursday Stewart hit a two iron shot to the 13th green and yesterday an eight iron shot at the same hole, which fully emphasised the change in the conditions. Stewart had had four birdies going out, just as Grady. But his solitary bogey in an outward half of 33 came at the eighth, where he missed the green. Stewart's score was made by the fact that he birdied all four par fives, finishing with a flourish with another birdie at the final hole. It was really exciting to see Watson back in the thick of things after so many lean years, although I doubt personally whether his nerves will allow him to prevail tomorrow. Watson played some of the finest Irish courses last week in just the hard and tricky conditions that prevailed here until yesterday's rain. In retrospect he feels that this enabled him to fine tune his game, although that was not his intention. Watson won sufficient money from his opponents in practice to influence a visit to the bookmaker's. He had heard that they were laying him at unbelievable odds at 80-1, but on arrival at the shop in question was quickly recognised. The manager said that he would not lay Watson at more than 40-1, so the five times champion took those odds.



Tom Watson: bending over backwards to sink his putts

The scores are tightly bunched and the Open Championship is still wide open with the course playing well. Ben Wright reports from Troon

numbing adversity. Believe it or not, in the period since 1984 he has been second no less than 28 times. But he never lost faith in his ability to triumph in the highest company. Last autumn he won the Australian PGA title, and then finally made the breakthrough in America last month when he won the Westchester Classic, having missed earlier in the season eight of the first 11 cuts - another daunting setback.

Grady started his second round auspiciously with a 15-foot putt for a birdie at the 391-yard second hole. He made another with a 26 ft putt at the 210-yard fifth hole. A beautifully struck seventh iron shot at the 402-yard seventh left him with only a 3 ft putt for his birdie, and he hit it for a snafu on 30 ft at the next, the infamous 126-yard 10th hole. Grady's first mistake in a conspicuously fine exhibition

learnt to play in the backyard accompanied by a gang of friends and several crates of beer. He sports a wild and woolly mustache which would put Merv Hughes' top lip in the shade, and plays in red trousers and baggy shorts which look as if they suffer from a rare condition called Hoop Droop. In a flamboyant gesture, the Italian brought their own trophy, which has left the organisers wondering what to do with it. Perhaps they could give it to Jerry Stark simply for making an appearance.

Archie Burchfield is a Southern gent from Stamping Ground, Kentucky, where they play on clay using nine "wickets" instead of six hoops. He tells a wonderful story of how he invaded the snooty Palm Beach Club in Florida, arriving in the company of a lorry-load of lettuce and being turned away at the gate because he wasn't wearing whites, only to be let in later to beat the pants off their top player.

An old image laid to rest

Nicky Smith on why croquet is attracting more youthful players

image of croquet, so it is perhaps fitting that he met his downfall at the hands of a 26-year-old from Ipswich, Steve Bonnis, who took up croquet, best playing competitively for a year and who represents the new-style player, young and very confident. Earlier, Aspinall had sailed through his doubles round with Stephen Mulliner, Britain's No 2, beating the Americans Jerry Stark and Archie Burchfield. Two top New Zealand seeds were also defeated in the doubles; together, it was not a good start for the visitors.

he has established on a bedrock of continuous practice. A rather dour man, he says that "experience counts a lot. It could happen that some young players will win but it will have to be done by a professional." Joe Hogan, New Zealand's No 2, thinks the same. A carpenter who studied psychology and trained for the priesthood, Hogan places great emphasis on temperament and on observing the niceties of the game. "I like to play well and to see croquet played well, but not to the detriment of good sportsmanship and croquet etiquette," he says. Hogan is known for his amazing ability to hit long shots and to stay perfectly calm in a match. He does not think it etiquette to

discuss the exclusion of South African players from the championships, and simply says it would be sporting suicide for New Zealanders to agree to play against South Africans. Despite the intrusion of politics into sport, and the tensions of an unfamiliar international setting, croquet players maintain a courtesy and individuality which is part of their charm. Play may be important but it isn't everything, and some of those competing are determined to enjoy themselves, win or lose. "Take, for example, the Americans Stark and Burchfield, who were both eliminated from the singles before the fourth round. Jerry Stark is a good old boy from Phoenix who

learned to play in the backyard accompanied by a gang of friends and several crates of beer. He sports a wild and woolly mustache which would put Merv Hughes' top lip in the shade, and plays in red trousers and baggy shorts which look as if they suffer from a rare condition called Hoop Droop. In a flamboyant gesture, the Italian brought their own trophy, which has left the organisers wondering what to do with it. Perhaps they could give it to Jerry Stark simply for making an appearance.

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interesting, and in some cases seem to reflect national characteristics. The Americans charge across the lawn, hitting everything at gale force, and frequently missing. The New Zealanders are more careful. Paul Skingley, who claims Maori descent, even does a funny sort of dance before striking. Unlike the beginning of the century, men now dominate the top end of the game. Only two of the selected 80 players are women, one of them from the US, the other, England's Debbie Cornelius, a dainty player with a solid core of determination which last year won her the women's championship. Debbie progressed to the third round this week but was put out by Keith Alton. Some may call it lack of experience. I think it was because she doesn't have a moustache. The FT's cricket correspondent recently volunteered the theory that moustaches were a prerequisite for selection this

season. International croquet also has its share of hairy upper lips. Apart from Jerry Stark's set of handlebars, the strong New Zealand contingent, with the single exception of Jackson, have moustaches of varying lengths and styles. In contrast, the English players are quite smooth. Some are smoother than others. England's Mark Avery, making a rapid comeback after an unproductive tour of the US, came steaming through to the fourth round, but my own money is on Jackson or Hogan. However, I also have an outside bet on Keith Alton. Winner of the men's championship earlier this month and competing this week for Scotland, he is a player of such controlled elegance that it is a pleasure to watch him play. And that is what croquet is all about. (Visitors to Hurlingham are welcome for the finals today and tomorrow. Tickets available at the club, cost £5.)

CROSSWORD

No. 6992 Set by GRIFFIN. Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday August 2, marked Crossword 6,992 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday August 5.

Crossword puzzle grid with numbers 1-31 indicating starting positions for clues. The grid is a standard crossword format with black squares and white squares for letters.

- ACROSS
1 Dull black ring on climbing plant (6)
2 Some messy girl put in group (6)
3 Solve 'a Parisian composer' (7)
4 Better paid person? (7)
5 Pack for weekend at end of month (4)
6 Uddly man turns on hospital attendant (10)
7 For Hollywood does turn right before island (6)
8 Odd American union leader, embraced by Dux, left (7)
9 Futile instruction to cut down (7)
10 For parking the Spanish drive forwards (6)
11 Butcher paid seller for shoe (10)
12 Forbidding George to take the motorway back (4)
13 Next slip of a girl put back aerial (7)
14 Brave person in South Africa bit Namibian leader (7)
15 Made late by Henry VIII? (6)
16 Condition rejected as house is a failure (6)
17 March past, turning round inside (8)
18 You French, ringing naughty Cairo, are insatiable (9)
19 Vote against taking five in colour (4)
20 Leaving work, trip round (8)
21 Star is paid to open plant (10)
22 Teacher accepts gratitude of music-maker (5)
23 Seeing redhead in corset loses concentration! (6)
24 Mountain climbing in open country (5)
25 Wrapping and label on deadly nightshade (10)

TELEVISION & RADIO SATURDAY

Television and Radio schedule for Saturday. Includes sections for BBC1, BBC2, LONDON, S4C WALES, ANGLIA, BORDER, CENTRAL, CHANNEL, GRANADIA, GRANPIAN, HTV, HTV WALES, SCOTTISH, TYNE TEES, ULSTER, YORKSHIRE, RADIO 2, RADIO 3, RADIO 4.

SUNDAY

Television and Radio schedule for Sunday. Includes sections for BBC1, BBC2, LONDON, S4C WALES, ANGLIA, BORDER, CENTRAL, GRANADIA, GRANPIAN, HTV, HTV WALES, SCOTTISH, TYNE TEES, ULSTER, YORKSHIRE, RADIO 2, RADIO 3, RADIO 4.